



Daily Report

Central Eurasia

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Georgia

ITAR-TASS Carries Press Review for 15 Jul

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["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW July 15 ITAR-TASS — The decree, signed by President Yeltsin on July 14, which fixed the date of the elections to the State Duma as December 17, actually means that an electoral campaign has been started in the country, *Izvestiya* writes today. However, the campaign proper will begin after the setting up of district electoral commission, which can be created only after the publication of a scheme, which will set the boundaries of constituencies. This should take place no later than 111 days before the elections, i.e. before August 18. Thus, another "hot season" will begin in Russia in the second half of August.

KOMSOMOLSKAYA PRAVDA also writes about the coming parliamentary elections. It interviewed heads of parliamentary groups, asking them how they were going to spend their vacations. "I shall have no vacations at all," said Vladimir Zhirinovskiy. "I shall work. Because of the coming elections I gave instructions to all members of our group to remain in their places and be in a state of full combat alert." Grigoriy Yavlinskiy is not going to have vacations either. He is going to "travel around constituencies and campaign for our candidates." Mikhail Poltoranin, Yekaterina Lakhova, Viadimir Lukin, Viktor Ilyukhin, Mikhail Lapshin and other leaders of parliamentary groups are going to do the same.

New tariffs for food imports came into force on July 1. As was to be expected, our Russian food suppliers reacted to it at once, without waiting for the appearance of the imported food, sold at new prices, *IZVESTIYA* writes. They raised perceptibly the prices of foodstuffs, delivered to big cities. Specifically, the Volgograd Region offers butter to Moscow at the wholesale price of 20,000 roubles per kilogram. Ryazan food suppliers offer cheese at a price of 18,000 to 20,000 roubles, while Lithuania is ready to sell it at a price of 12,000-13,000 roubles.

Newspapers continue to give wide coverage of the talks on a peaceful settlement of the Chechnya crisis. *IZVESTIYA* carries an interview with Arkadiy Volskiy, participant in the talks, who knows the situation there better than anybody else.

According to Volskiy, "never before has the delegation been under a pressure as strong as today, primarily, of course, on the part of the military. I do not mean to say that it is Grachev personally, but it is obvious that

there are many people among his closest associates, who favour a war till the victorious end. Many commercial structures are also active. Five trillion roubles have been allocated for the restoration of the Chechen economy. Fifteen Russian commercial banks are working here, and the reputation of many of them is very much shady. The end of the war will prevent many people in high places from filling their pockets with money and getting away with it. Now, when peace has actually become a reality in Chechnya, MPs voted for the withdrawal of Russian troops from Chechnya and for the beginning (sic!) of talks. This is nothing but a provocation. All will become clear pretty soon. Either we sign a joint communique with the Chechen side on a package of political issues, or the 'war party' by both sides of the barricades gets an upper hand."

KRASNAYA ZVEZDA quotes Interior Minister Colonel General Anatoliy Kulikov as saying that the Government delegation "has nothing more to surrender." He said that Dzhokhar Dudayev has lost a sense of reality to the extent that he was ready to sacrifice the whole of the Chechen nation for the sake of "some hypothetical ideas which will never come true."

ROSSIYSKAYA GAZETA publishes an article, entitled "Is Terror Fifth Branch of Power?", which gives a record of the acts of terrorism in the world over the past ten years. The newspaper quotes threats of Dudayev and his aides to use nuclear and bacteriological weapons against Russia. After the tragedy in Budennovsk these threats no longer sound as empty phrases.

CIS Governors Criticize 'Integration From Above'

MK1407113895 Moscow KOMMERSANT-DAILY
in Russian 14 Jul 95 p 3

[By Olga Kolotnecha: "The Fifth Column in the Customs War"]

[FBIS Translated Text] It seems that phenomenal activity is characteristic not only of some of Russia's regional leaders but also of their colleagues from the former union republics. Oftentimes in their desire to set up direct economic links the governors even outdo the government. Recent confirmation of this has been provided by a conference of the heads of 27 oblasts of Ukraine, Russia, and Belarus which ended in Minsk. Conference participants signed a cooperation agreement which envisions the provision of the most favorable conditions for effective economic integration.

Russia can be considered the initiator of the inter-governor movement: The first conference was held in January in Novgorod under the personal patronage of Andrey Kozyrev and the subsequent ones — in spring

in Novgorod and this time in Minsk — were attended by representatives not only from the Ministry of Foreign Affairs but also from the Cooperation Ministry [Min-sotrudnichestva]. The Minsk meeting gained in its official weight from a presentation by Belarus President Alyaksandr Lukashenka. True, the authorities' attention did not prevent the governors from subjecting "integration from above" to serious criticism. A special target of attack was the Interstate Economic Committee, which, in the regions' opinion, has failed to become an effective structure, and with it all heads of the Commonwealth states for the nonviability of most of their decisions. A real alternative to the cumbersome bureaucratic machine of the CIS, in the participants' view, can be direct interregional cooperation, conditions for which, however, should be created by the Commonwealth governments.

So as not to drag out this process, the governors immediately drafted an inter-government agreement "On Cooperation of Regions of Russia, Belarus, and Ukraine." The 14 articles of this document, its authors believe, should bring closer the bright economic future of the CIS. The agreement in particular provides for mutual investments, the conclusion of agreements directly between regional economic entities, the creation of joint ventures and interregional shareholding companies, and also a free exchange of labor and intellectual resources. Separate treaties should regulate freight, cooperation of law enforcement bodies, environmental protection schemes, and other spheres of mutual interests.

The main condition for the implementation of the agreement, according to the heads of the regions, is the conclusion of a customs union. The request to speed up this process is contained in a conference address to the governments of the three countries. The governors' aspirations quite coincide with the hopes of the Russian Government, which somewhat clarifies the participation of the Russian Foreign Affairs Ministry as a midwife. The criticism of the authorities heard at the meeting only strengthens the impression of an accurate calculation on the part of the latter: even by criticizing the government, the governors implement its will. It is noteworthy that even the delegates from Ukraine, whose government cannot be suspected of particular affection for customs unions, were well disposed towards integration. A representative from Kiev Oblast stated that the next meeting in September will necessarily be held in Kiev even if this is not to the liking of the Ukraine authorities. And although it is not quite clear yet who has earned the main laurels for the successful operation "in the enemy rear," it is obvious that a powerful "fifth column" has appeared on the territory of one of Russia's main adversaries in the customs war.

Commercial Banks' Activity in CIS Viewed

MM1307134595 Moscow IZVESTIYA (Financial Section) in Russian 13 Jul 95 p i

[By Irina Yasina, journalist with the PRIME Agency: "Russian Banks Storm Post-Soviet Space"]

[FBIS Translated Text] The countries of the near abroad are coming within the sphere of Russian banks' direct commercial interests. The Bank of Russia is favorable toward the expansion of Russian banking capital in the CIS. The policy of the national banks of the former USSR republics is somewhat different.

An increasing number of Moscow banks are stating that the countries of the near abroad come within the sphere of their direct commercial interests. Since the start of this year Russian Credit has announced the opening of a subsidiary bank in Turkmenistan, a subsidiary bank of the Mosbiznesbank is operating in Minsk, and in early July Alfa-bank held a presentation for its subsidiary bank in Almaty.

The Central Bank of Russia is favorable enough toward the expansion of Russian capital to the CIS countries and gives authorization of the export of capital to pay for incorporation capital. But so far no rapid growth of Russian presence in the CIS is to be observed. Domestic problems and the policy of the former republics' national banks are having an effect.

In those countries where the development level of the national economy and in particular of the banking system is relatively low the national banks refrain from protectionism. Thus in Azerbaijan, Kyrgyzstan, and Turkmenistan and a number of other countries the size of incorporation capital required from foreign banks is relatively small. In Azerbaijan for any bank with the participation of a foreign investor the minimum incorporation capital is \$500,000, in Kyrgyzstan it is \$1 million, and in Turkmenistan 10 million manats. Considering this factor, Russian Credit, for one, according to Valeriy Perepelenko, deputy chief of the bank's international development, has decided to begin to penetrate the CIS countries with the Central Asian markets.

Belarus and Ukraine are more interesting to Russian business. The level of development of the banking systems in these countries can be called similar. But the national banks of Ukraine and Belarus adopt a tough protectionist stance with regard to foreign capital. In Ukraine the required incorporation capital for banks with foreign participation is ECU 5 million and 10 million if foreigners want to have the controlling block of shares in the bank. In Belarus an investment of ECU 5 million is required. It is probably for this reason that the majority of banks either do not declare their presence in

Ukraine, buying small local banks, or restrict themselves to creating branches, as Tveruniversalbank did, and as Inkombank and Russian Credit intend to do. According to Andrey Rappoport, chairman of the Alfa-bank board, Ukraine is an attractive enough market but it is only potentially attractive since right now it is extremely risky. The bank reckons that with the introduction of the hryvna and other institutional changes the investment climate in that country will improve.

Kazakhstan occupies a special place. The National Bank's position is "restrainedly protectionist." In the past the Central Bank of Russia and the National Bank of Kazakhstan agreed on the equal presence of the two countries' banks on each other's territory. But, as of today, Kazakhstan banks will hardly be able to survive on the competitive Russian market. But the Kazakhstan market is very attractive to the Russians. Virtually all the above-mentioned banks and many others are interested in a presence in Kazakhstan.

That interest is explained by the fact that since privatization there has been a normal market in the country making it possible to earn quite good amounts. Alfa-bank, which has opened the first subsidiary bank with 100 percent Russian capital, does not conceal its interest primarily in privatization. Whereas before the need for a certain presence in Kazakhstan was dictated, according to Andrey Rappoport, by the fact that it was necessary to service the trade turnover of the entire "Alfa" group, now with the introduction of soft currencies "the need to spend the night in the TsOU [expansion unknown]" has disappeared and it has become possible to pay atten-

tion to other spheres of business. In Almaty Alfa-bank intends to engage in conversion operations, (to work on the stock market primarily with state securities), and in the future to service the population. "But we are keeping privatization in mind," Andrey Rappoport said.

Actually, it is worth noting that the position of the National Bank of Kazakhstan is still far from one of cordial hospitality. The first license received by Alfa-bank in Kazakhstan after long months since agreement to the opening of its subsidiary in Almaty was a "tenge" license. In other words the bank with 100 percent foreign capital could not pay its incorporation capital of \$1.5 million. Now, nonetheless, a general licence according with the bank's status and the size of its incorporation capital has been received and the bank has embarked on operations. In the opinion of the Alfa-bank leader the bank can play approximately the same part in Kazakhstan that used to be played in Russia by the International Moscow Bank. "It has collected all currency accounts, it has become a giant, and the young Russian banks have grown in the competitive struggle for every account," Andrey Rappoport believes.

Alfa-bank intends to continue to hold 100 percent of the capital if it opens other subsidiary banks whether in the CIS or in Russia. Russian Credit, which in all likelihood will become the next bank on the Kazakhstan market, has chosen a different path, preferring to have a joint bank in which it will have a 50 percent holding. Actually that will not prevent the bank from later increasing its share in its subsidiary bank.

Yeltsin Writes to FRY President on G-7 Summit*LD1507124695 Moscow ITAR-TASS World Service
in Russian 1135 GMT 15 Jul 95*

[FBIS Translated Text] Moscow, 15 Jul (ITAR-TASS) — Here follows the text of a letter from President of the Russian Federation Boris Yeltsin to Zoran Lilic, president of the Federal Republic of Yugoslavia [FRY], given to ITAR-TASS by the press service of the head of state:

Moscow, Kremlin, 15 July 1995

Esteemed President, allow me to thank you for the letter received on the eve of the summit of the heads of the most industrialized states in Halifax. Many of the ideas expressed in it turned out to be quite timely and useful. I would like to convey ideas on some of the results of the Halifax summit.

As you quite rightly pointed out, one of the main themes of discussion in Halifax was inevitably the Yugoslav problem. I consider the main result here to be that the line we have pursued — for a settlement of the crisis through political means only — was reinforced. A decisive rejection of the use of force is necessary if a firm and fair solution is to be found and if a stable peace is to be established in the region. We were firm in telling our partners that a repeat of the air strikes and other military actions, which only provoke a worsening of the situation and renewed bloodshed, would be unacceptable.

The concluding document of the "G-8" expresses clear support for the peace process. With regard to Bosnia-Herzegovina, it declares the need for the warring sides to cease hostilities and hold talks on the basis of the Contact Group peace plan approved by the Federal Republic of Yugoslavia.

The participants in the Halifax summit and the whole international community have unanimously condemned hostage-taking and acts of violence against civilians. In this connection, we are very impressed by the principled position adopted by the FRY on this matter.

The issue of guaranteeing the safety of UNPROFOR has become urgent in the face of incessant armed conflict. Russia has agreed that it is necessary to reinforce the peacekeeping forces and to enhance both their own security and their capacity to render effective assistance to the civilian population. At the same time, we have firmly opposed granting the Rapid Reaction Forces powers exceeding the mandate of UNPROFOR and have obtained a guarantee from our Western partners that these forces will be strictly subordinate to the command of the United Nations.

The Halifax documents reflected both your own and our concern with regard to the danger of a resumption of combat actions in Croatia. Leaders of the "eight" cautioned against attempts to use force to resolve the problems of Krajina. We also touched upon this topic in our contacts with other partners. One of the results is the clearcut position on this issue adopted by the Cannes summit of the European Union.

Both at and after Halifax, we have consistently followed a line aimed at lifting the burden of sanctions from the Yugoslav people. The firm adherence of the Federal Republic of Yugoslavia to the course of a peaceful settlement of the crisis and its conscientious observation of the obligations it has undertaken serve as an important argument in favor of such a resolution.

We are prepared in future also for constructive cooperation aimed at a speedy settlement of the crisis and the establishment of a durable peace in the region. Yours respectfully, B. Yeltsin.

Kozyrev Outlines Concept of European Security*LD1707105895 Moscow ITAR-TASS World Service
in Russian 0954 GMT 17 Jul 95*

[By ITAR-TASS diplomatic correspondents Yuriy Kozlov and Valeriy Sevryukov]

[FBIS Translated Text] Moscow, 17 Jul (ITAR-TASS) — Russia's concept of pan-European partnership and creating a common comprehensive security system covering the space between Vancouver and Vladivostok envisages three stages in attaining the objective it sets. This was announced today by Russian Foreign Minister Andrey Kozyrev at the opening of the international research and practical conference "20 years since the Helsinki Final Act — on the road to a new model of European security." The forum proceedings are attended by representatives from over 40 members states of the Organization for Security and Cooperation in Europe [OSCE], as well as from many regional organizations including the CIS, the Council of Europe, NATO, the Western European Union, and the European Commission.

The first stage, the Russian minister noted, is of a conceptual nature and envisages the development of principles for the construction of a European security model on the basis of recognizing its indivisibility, the need for a comprehensive approach to all changes in interstate relations, and finding the main risk factors for the future Europe. In the second stage, he went on, one could start looking for mechanisms of interaction between various European institutions, set up parallel and multilateral cooperation between them based on

good coordination of joint efforts. The final stage, he said, could be the creation of a legal foundation for comprehensive security based on the provisions of the Helsinki Final Act and the Paris Charter.

Touching upon the military-political sphere of security, Kozyrev said he did not believe this problem should be brought to the forefront of the all-European discussion in the post-confrontation period, at the expense of discussion of issues relating to development of cooperation in the economic, ecological, and humanitarian spheres. This, he said, is one of the reasons why Russia objects to the hasty expansion of NATO without account being taken of all the aggregate of interests, and without waiting for a model of all-embracing security to be drawn up.

The fact that the OSCE is universal in its numerical makeup, the Russian foreign minister said, means this organization is not set off against other European structures, and gives it indisputable advantages, making it possible to deal with the vital issues of the life of all Europeans. "The main problem today," he said, "is the lack of a culture of interaction, which should not only replace the reflex of confrontation but also suppress the newly emergent instincts toward confrontation and rivalry."

The principles of the Helsinki Final Act, Kozyrev stressed, prevailed in the "Cold War" and are of importance today too. However, in his opinion, they are nonetheless in need of some updating and expansion. The opportunity for this is afforded by the next OSCE summit due to be held in Lisbon in 1996. In particular, there is a need to "settle, on the one hand, the contradiction between the principles of inviolable frontiers and territorial integrity, which has cost Europe so dearly and, on the other, the right of peoples to self-determination."

The Russian minister said that a thoroughly thought-out basis for agreements on the efforts of international bodies to react to crises and conflicts in order to improve cooperation between the United Nations and the OSCE. He called for the OSCE to have a more active role in the peacekeeping area all the more so in view of the fact that the United Nations is "overloaded" with peacekeeping operations and "has yet to overcome its peculiar syndrome of 'double standards' with regard to crises that arise within the OSCE space." In this connection, Kozyrev cited the conflict in Tajikistan where Russia and the other CIS countries have yet to receive the due support of the international community — and material support, in the first place.

Deputy Premier on Russian Membership in WTO

LD1707053895 Moscow ITAR-TASS World Service
in Russian 0795 GMT 17 Jul 95

[By ITAR-TASS correspondent Konstantin Pribytkov]

[FBIS Translated Text] Geneva, 17 Jul (ITAR-TASS) — "For the Russian Government, which is increasingly orientated on the free market, membership in the World Trade Organization [WTO] is one of the main directions in its activity," Deputy Prime Minister Oleg Davydov, minister of foreign economic relations, told an ITAR-TASS correspondent in an interview.

He arrived in Geneva at the head of a delegation to take part in the first sitting of the working group to examine Russia's application which is to start today. The delegation also includes Economics Minister Yevgeniy Yasin; Leonid Bochin, chairman of the State Committee for Anti-Monopoly Policy and Support for the New Economic Structures; Anatoliy Kruglov, head of the State Customs Committee; and representatives of the State Committee for Management of State Property, the Agriculture and Food Ministry, and the State Committee for Industrial Policy.

The sitting of the working group is an important new step in the talks between Moscow and the World Trade Organization, which already has a membership of 100 states. "It is impossible to be a member of the world economic community with full rights without being a member of the World Trade Organization," the deputy prime minister noted, having stressed that participation in the universal system of commerce regulation will allow Russia "to provide its exporters with access to markets without discrimination and restrictions."

Davydov did not conceal the fact that there are different points of view in Russia with regard to membership of the World Trade Organization. Some people think that it is too early to join it, since this would be detrimental to the Russian market economy which is not yet firmly established. Having noted that "there are grounds" for such a stance, the deputy prime minister stated at the same time that "an economy cannot survive without competition." If we manage to join the World Trade Organization, then "this will be confirmation of the market nature of our reforms", he thinks.

According to Davydov, the signing in Brussels of the interim agreement between Russia and the European Union, which is scheduled to take place today "will create good ground for the negotiations with the World Trade Organization," since what is at issue is "the European Union's recognition of the profound economic transformations in our country."

Signing of Temporary Trade Accord With EU Previewed*MK1507094495 Moscow SEGODNYA in Russian 15 Jul 95 p 2*

[Report by Leonid Velekhov under the "Cooperation" rubric: "Agreement Between Russia and EU May Be Signed Monday"]

[FBIS Translated Text] Foreign Minister Andrey Kozyrev is leaving for Brussels on Monday to sign a temporary trade agreement between Russia and the EU. Let me remind you that the signing first planned in early May was postponed in connection with the Russian military operation in Chechnya criticized by the West. It was only at the end of last month that the EU leaders meeting in Cannes finally decided to give the treaty the "green light." The Cannes decision, however, is supposed to be formally approved at the EU foreign ministers council in Brussels Monday morning, following which the signing ceremony will take place in the afternoon.

Yuriy Ushakov, director of the Foreign Ministry's European cooperation department, has said that Russian diplomats expect a "sharp stepping up" of contacts with the EU in the wake of the temporary trade agreement. In particular, the process of ratifying a "large-scale" agreement should be "vigorously jump-started" in the Duma and EU parliaments so that the agreement can "start to work" by the end of the year. Talks are expected in Moscow in September with the participation of Boris Yeltsin, Spanish Government Chairman — and current EU Chairman — Felipe Gonzalez, and Jacques Santer, the chairman of the Commission of European Communities. "Unless there are some glitches on Chechnya, things should start moving...." the Russian diplomat ventured a cautious guess.

Also on Monday, there will be a meeting in Brussels at the ambassadorial level between representatives of NATO and Russia. Relations with NATO and prospects for expansion of the alliance remain one of Russia's key foreign policy concerns. The expansion of the alliance "is categorically unacceptable for Russia," Yuriy Ushakov reiterated. At the same time he recognized, answering a question from your SEGODNYA correspondent, that "one cannot but see some real progress" whose logic leads toward the notorious expansion. The men in the Foreign Ministry, however, hope that "Russian concern over the alliance's expansion plans has been heard." The Russian alternative to NATO expansion, as Mr. Ushakov put it, remains the proposal "not to make haste and to wait," to watch in operation "the new mechanism of European security," which Russia sees in overall European interaction within the OSCE

framework and NATO's cooperation with countries of Eastern and Central Europe under the "Partnership for Peace" program. The men in the Foreign Ministry think that time is on Russia's side. In general, as the Russian diplomat put it, Russia is not losing hope of "gradually wash out" the North Atlantic alliance expansion plan.

Defense Department Aides Visit Vladivostok*MM1707114695 Moscow KRASNAYA ZVEZDA in Russian 15 Jul 95 p 2*

[Report by ITAR-TASS correspondent Yuriy Grachev under general headline: "Visiting Russian Seamen"]

[FBIS Translated Text] Vladivostok, 14 Jul — A number of proposals regarding the drafting of a plan for the broadening of cooperation between military seamen in the Pacific Ocean were considered during a conversation between Pacific Fleet staff officers and their U.S. counterparts. The latter were here within the framework of a visit by a U.S. Defense Department delegation.

After visiting the Pacific Fleet the U.S. delegation, led by Colonel Jimmy Ray Leahy, met with the commander of the Pacific Fleet and visited the fleet's naval museum and a naval infantry division base.

Today the U.S. military delegation left for Khabarovsk to visit the headquarters of the Far East Military District.

U.S. Diplomats Meet With Don Cossack Leaders*MM1407132195 Moscow PRAVDA in Russian 14 Jul 95 p 1*

[Unattributed report: "Diplomats and Hetmans"]

[FBIS Translated Text] U.S. diplomats — Michael Gelfred [surname as transliterated], second secretary at the U.S. Embassy in the Russian Federation, and John Williams, U.S. Embassy Political Section attache — have visited Novocherkassk.

They came here at the invitation of the Great Don Army Board. In the hetman's palace the Americans met with V. Ratiyev, supreme hetman of the Union of Cossacks of Russia and Abroad, and N. Kozitsin, hetman of the Great Don Army.

The U.S. visitors inquired about the development of the Cossack movement on the Don and inspected the Don Cossack museum and the Tanais conservation area.

Dispute With U.S. Satellite Firm 'Rimsat' Viewed
MM1707104595 Moscow ROSSIYSKAYA GAZETA
in Russian 15 Jul 95 Weekend Edition p 11

[Report by Andrey Kirillov: "Space in Legal Battle"]

[FBIS Translated Text] Major disputes lie ahead in the space kingdom. A fax addressed to ROSSIYSKAYA GAZETA (sent by InfoMOST) indicates that a U.S. firm, "Rimsat," is starting a campaign against the Russian space industry and is appealing to the Swedish arbitration court. The Russian "Inform-kosmos" consortium considers the lawsuit is inappropriate and runs counter to any logic. Nevertheless we are faced with the disruption of the fulfillment of one of the biggest Russian-U.S. space projects costing a total of over \$100 million.

At the dawn of the implementation of this project the future seemed cloudless, rich, and mutually advantageous. Russia was gaining an outlet to world space technology markets and "Rimsat" was gaining access to relatively cheap Russian manufacturing methods. The two sides were gaining what was by their yardsticks a substantial profit. And suddenly there is a dispute?

Commenting on the fax we received, Nikolay Prokhorov, chief of the legal department of the permanent office of the U.S. company "Informconsult" in Moscow, representing the interests of "Inform-kosmos," noted: The first thing which is obvious is the mass of strained interpretations and frank juggling with the facts, some of which had occurred in exactly the opposite way.

He said that back in 1992 Glavkosmos [Main Administration for the Creation and Utilization of Space Technology] concluded a contract with the "Rimsat" firm on the use of Russian space technology. Under the agreement Glavkosmos supplied it with one old "Gorizont" satellite which had virtually reached the end of its operational life but because of its reliability continued to broadcast and a further two new "Gorizont" satellites and was to build two satellites of the new "Ekspress" generation, leasing them to "Rimsat."

The "Rimsat" firm was formed on the island of Nevis, in the Caribbean. In the past it was "Rimsat" which made the Kingdom of Tonga a space power, buying space positions in its name, and it became the owner of several points in space to which space satellites could be launched and commercial broadcasting carried out. Thus there appeared the "Tonga-Sat" agency which as a token of thanks for the aid in the kingdom's development of space, leased its positions to "Rimsat," which was created by U.S. citizens.

In principle this is an ordinary story in modern world practice. "Rimsat" then concluded a contract on the

lease of seven satellites with representatives of the Russian space industry. In the assessment of experts each satellite of this series could bring considerably more than \$1 million in profit every month. Actually, in "Rimsat's" report documents this figure was to fluctuate around the \$1 million mark. But that is not the thrust of the matter.

The point is that having obtained operating satellites and a profit, Prokhorov believes, "Rimsat" paid "Inform-kosmos," which had joined the project and become one of the main partners, \$6.7 million which were immediately transferred to the accounts of contractor enterprises taking part in the building of the satellites.

But that was only the first sum necessary to pay for the contract. To implement it in full far more money as required. "Rimsat" seemed to have the money. Especially as one of its main shareholders was a Malaysian firm which had paid, according to various sources, \$60-90 million for 40 percent of "Rimsat's" shares.

Quite unexpectedly in April last year the payments stopped. Letters came to "Inform-kosmos" from America with explanations whose thrust came down to the fact that the company was experiencing temporary financial difficulties which should soon be resolved. On this basis a certain leniency was requested toward it as a partner and colleague in the space business and consequently a deferment of payments. Which was permitted without any qualms.

In early July 1994 it became clear to the Russian side that unless the payments began very soon it would not be possible to implement the major project on schedule. And meanwhile prices for Russian space output had risen and almost reached the world level. It was clear that the terms of the contract had also changed. "Rimsat" agreed to them in writing, signing the relevant documents.

The project of the century seemed close to implementation. But they were rejoicing too soon. "Rimsat's" business was not going well. Fighting began among the shareholders. An application for the firm to be deemed bankrupt was sent to the court. Malaysia submitted claims for \$10 million which had gone missing. Of course the firm's old leadership was not in the mood for any deals of the century — they just wanted to emerge unscathed. According to U.S. laws there are serious penalties for losing \$10 million, Prokhorov believes.

There thus remained one way out — finding a pretext for starting a long-drawn out trial. Even if it was known that objectively it would be a losing one. Little could happen while the court was in session...

To all appearances according to Nikolay Prokhorov that was how the idea of seeking the truth in a Swedish arbitration court was born. Cases take a long time to be heard there.

Thus today "Rimsat's" accounts are receiving from the use of the satellites in orbit — which are in fact Russian-owned — just enough money to pay legal expenses. Investors remain unrewarded and at the program's contractor enterprises at one time there was no money to pay for actual work. So that "Inform-kosmos" had to pay its own money for the survival of the industry and the safeguarding of jobs. And at the same time if "Rimsat" had paid money for the contracts and not for legal squabbles (\$1 million a month) then all commitments would long ago have been met.

What is "Inform-kosmos" to do in this situation? Under existing legislation all deals in the field of space business are subject to licensing at the Russian space agency. And to serious licensing at that since each contract is a separate entity and must reflect Russian interests. What is the interest from the deal with "Rimsat?" Virtually nil. So that at any moment the license could be revoked. The Americans, knowing that such situations are categorized as forces majeures, assess the fact as a threat. Indeed, Nikolay Prokhorov is convinced that "Rimsat's" old leadership has no tactic left other than overt insolence. Playing for time by any means — that is the motive which guides their actions. Nothing new has been thought up here.

So that, in commenting on the fax he has received, Prokhorov noted that what lies ahead is perhaps not a scandal but a very major legal investigation which will have repercussions in the space environment. All they can do is rely on the Russian Space Agency which on behalf of the Russian Federation Government will have an important say and somehow stop the recriminations.

That is the view of "Inform-kosmos" set forth by its legal representative.

The Russian Space Agency to all appearances is interested primarily in ensuring that the incident does not discredit the Russian space industry as a whole and that Russia's interests should not be encroached as a result of reciprocal claims by the two commercial companies.

Talks Under Way on Disposal of U.S. Nuclear Waste

MM1707112095 Moscow KOMSOMOLSKAYA PRAVDA in Russian 15 Jul 95 p 1

[Unattributed report under the "Inform" rubric: "U.S. Waste Will Be Dumped in a Bolshevik Bunker"]

[FBIS Translated Text] The U.S. firm of Westinghouse Electric Corporation has started talks with the Russian "Kosmos" Company on the transportation and burial of approximately 57,000 cubic meters of U.S. radioactive waste. According to the data of the Socioecological Union Press Service, it is proposed to bury it on the territory of Dagestan in abandoned mines or in an underground bunker built during the Cold War and intended to shelter the republic's party elite in the event of nuclear war.

Report on Bomber Elimination at Engels AFB

95WC0058A Moscow SEGODNYA in Russian 5 Jul 95 p 3

[Article by Leonid Kostrov: "Guillotine Being Tried Out at Engels: American Satellites Will Track the Dissection of Russian Aircraft From Orbit"]

[FBIS Translated Text] The pool of the most modern American equipment, which, according to international agreements, is arriving here from overseas free of charge, is increasing at the country's sole long-range aviation base for the elimination and conversion (dismantling) of heavy aircraft. A guillotine crane, which in the United States at the Davis, Montana Air Base is used to chop up B-52 bombers, was recently added to the dumpers, trailers, trucks, and cranes. It will be tested shortly at Engels on our Tu-95's, 3MS2's, Tu-16's, and Tu-22's. The five-tonne knife falling from a height of 15 meters cuts clean through the aircraft's fuselage.

Some 208 aircraft with a "dry" weight of 33 to 66 tonnes, of these, 70 in accordance with the CFE and START I international treaties, are to be destroyed at Engels altogether before the year 2000. Aircraft that have already completed their service life and are being ferried here from all corners of Russia and from the near abroad are to be dissected here first of all. The last 92 Tu-22's, 63 of which can fly, arrived not that long ago at the storage area near the base from Belarus.

The actual elimination process, which is tracked from orbit by American satellites, is also specified by international agreements. The wings and the tailfin are to be cut off the aircraft, and the parts have to be carried a distance of not less than 10 meters away, what is more. Only after this is the aircraft considered destroyed.

A proprietary view is taken of the aircraft that have served their time. In terms of present prices the dissection of one Tu-95 costs 7 million rubles [R]. The engines, units, and components, many of which are still in perfectly good working order and are used as batches of spares for operating equipment, are removed from the aircraft. Some 37-40 tonnes of pure metal are obtained per aircraft, depending on the modification, and it is then remelted into bars at the adjacent Correctional Labor Institution-13. It costs R300,000 to remelt one tonne, and the plants ask \$300-400 for the same work. The metal is shipped in bars to the consumer enterprises. Were the scrap to be hauled, seven times more cars would be required. The dissection base is saving the taxpayer hundreds of millions of rubles thanks, for example, to those same spares, which are far more costly to order at enterprises of the military-industrial complex now than two or three years ago.

The opinion that it is a shame to dissect the aircraft and that another use for them should be found may still be heard. But no pilot would venture to sit at the controls of a veteran aircraft which has already come to the end of its service life. And the bombers and missile-firing aircraft that can still get up there cannot be used other than for military purposes—they are of the wrong design. Tens and hundreds of aircraft that have already served their time would never make it to Engels under their own steam and would remain at their airfields forever.

In the opinion of Colonel Vladimir Kurganikov, chief of the base, organizing the conversion of aircraft of military transport aviation and frontal and naval aviation is entirely within the capabilities of Engels. After all, the funds for the creation of a similar base will hardly be found in the country at this time. It is noteworthy that approximately half the officers and warrant officers working here are huddled "in corners," and the housing prospects are practically nil. Of the funds that the base is giving the coffers of the Ministry of Defense, only negligible amounts are coming back.

Extent of Russia's START-2 Cuts Questioned

MM1407151695 Moscow PRAVDA in Russian
14 Jul 95 p 3

[Article by Colonel Vladimir Zakharov, candidate of military sciences: "Will Russia Remain a Nuclear Power. Our Armed Forces Cannot Consist of a Regimental Band Alone"]

[FBIS Translated Text] If you regard nuclear weapons not as a system of armaments but as an instrument in a political game (on the grounds that no one intends using them), the Strategic Nuclear Forces become the

"glutton" of the Russian Armed Forces. In that case, of course, they have no future and the whole problem becomes simply that of the quickest and cheapest way of scrapping "the motherland's nuclear shield." And even though no one is going to put the question in those terms, the practice of strategic offensive arms reduction prompts that idea.

On foreign trips Russia's political leaders have repeatedly declared a readiness to continue the process of strategic offensive arms reduction to the point of their complete elimination. At the same time they have acknowledged that the Strategic Nuclear Forces are the basis of the Russian Armed Forces' combat might. Hence the impression is created that there is a lack of clarity between the country's top state and military leadership over the role and place of nuclear arms in Russia's national security system,

Military security, as a component of national security, depends on a large number of factors and circumstances which determine the character of the conflicts between states' national interests. Furthermore, the more prominent the place that a state occupies or intends to occupy in the world community, the more marked the contradictions in national interests between that state and other powers become. That is why it must be understood that if Russia's national interests do not extend beyond Moscow's Garden Ring, then our entire armed forces could now be reduced to a single regimental band.

However, despite the existing divergence of opinions on ways to develop the Russian state system, all political parties and tendencies define Russia's national security goal as the retention of its place as a leading world power. But if you look at the world map you can easily see that Russia is not alone in its desire to be a great power whose national interests extend considerably beyond its national frontiers. It is logical to presume, therefore, that Russia's national interests will not always coincide, to put mildly, with the national interests of those countries. This contains the threat of a conflict which, if it is to be resolved on terms acceptable to Russia, will require the existence of force even if not its actual use.

Once more the view will be expressed that, as the world community becomes more "civilized" and the countries and peoples become economically integrated, war will disappear from political life. However, experience has yet to justify those hopes. For example, literally on the eve of World War I many authoritative European politicians prophesied perpetual peace in Europe because, in their opinion, developed capitalism made trade more advantageous than war. When summing up the 20th century we can state that, despite the experience of World

War II, countries which are by no means among the "craziest" or poorest are even now continuing to pursue a "position of strength" policy against their own and other peoples.

Thus, even though the modern world has changed and become multipolar, the principles of relations between states have remained virtually unchanged for the past 100 or 200 years. They are based on the strength of states and the balance of forces resulting from that strength.

The historical experience of the confrontation between NATO and the Warsaw Pact showed that in the absence of a common global security system the existence of a balance of forces in a region also ensures global security in certain conditions. If that balance is upset the consequences are unpredictable. That is why in the period of confrontation between the two sociopolitical systems military parity between the USSR (Warsaw Pact) and the United States (NATO) was the basis for maintaining international peace. With the downfall of the world socialist system and the collapse of the USSR, parity as such ceased to exist. For Russia, meanwhile, several factors have become relevant and must be taken into account when carrying out the organizational development of the armed forces.

Above all, these factors are the collapse of the Warsaw Pact and the withdrawal of the troops from the territory of Eastern Europe and Mongolia, which led to a narrowing of the geopolitical area and limited the scope for Russia's military political maneuvering. For example, until 1991 there were 68 countries in the coalition of our likely enemies and 24 countries which were potential allies of the USSR. In 1995 Russia was unable to form a reliable military alliance even with the majority of the former Union republics. Meanwhile, the NATO bloc retained all the attributes of the former confrontation with the USSR and is striving to expand the number of its members from among the East European countries.

During the long history of Europe's development, the crucial geopolitical problem facing the continent was the boundary between East and West Europe. At present that boundary runs through Finland, the Baltic countries, Poland, Slovakia and the Czech Republic, Hungary, Yugoslavia, Albania, Romania, and Greece. This zone is characterized by a high political instability which is in keeping with the U.S. desire not to allow the creation of a Eurasian geostrategic monolith dominated by Russia.

In these conditions, when speaking of the role of nuclear weapons in Russia's system of measures designed to ensure national security, it should be noted that the vast majority of analysts studying the problem of military

security agree that even when there was military parity between the Warsaw Pact and NATO the nuclear deterrent kept the peace in past decades despite the existence of fierce confrontation between the two world systems.

The universal recognition of the impossibility of achieving constructive political goals in a large-scale nuclear war, and the renunciation of global confrontation on the grounds of ideological contradictions led to the processes of deep cuts in and limitations on strategic offensive arms, as expressed in the START-1 and START-2 treaties and the "framework" accords. However, the definition of the procedure and permissible depth of the nuclear arms reductions lacks sufficient clarity. This is confirmed by the different views that exist on questions of Russia's military organizational development and the reduction of strategic offensive arms.

Russia and the United States signed the treaty on the further reduction and limitation of strategic offensive arms (START-2) in Moscow in January 1993. Its supporters note that one of the foreign policy priorities on which it is based is the guarantee of nuclear weapons parity between Russia and the United States for the next decade in conditions of economic and domestic political difficulties in Russia. In their opinion this will be achieved by U.S. agreement to reduce its own strategic offensive arms at a time when Russia is incapable of maintaining its strategic offensive arms at the present quantitative level and is forced to drastically slow the process of their qualitative improvement.

The treaty also envisages a change in the structure of Russia's strategic "triad" (the enhancement of the role of naval and air force nuclear weapons with the reduction of the role of land-based missiles), which has far-reaching consequences for Russia. This significant transformation of the structure of Russia's strategic offensive arms is a military-political concession to the United States that the U.S. side has long sought. At the same time there is an opinion that changes of this kind are virtually inevitable for Russia given the present realities.

When arguing for the continued priority of strategic missile forces, the opponents of the treaty emphasize the fact that in the sphere of heavy land-based ICBMs Russia traditionally has superiority over the United States and that it is irrational to abandon the results of 40 years' intensive labor in this sphere. In this connection it should be stressed that the United States will continue to have an overwhelming superiority over Russia in terms of the sea-based components of U.S. strategic offensive armaments. For example, the United States is planning to continue the construction of its latest Ohio-

class missile-armed submarines, which will increase the total to 18 by 1997 with 24 Trident-2 missiles per submarine. As for Russia's strategic submarine forces, construction stopped in 1990, and by 2003 the Russian Navy will have nothing left but obsolete submarines at the end of their service life. It is also evident that Russia lags behind the United States considerably in strategic airborne systems.

Thus it is possible to speak of a contradiction between the process of strategic offensive arms reduction and Russia's lack of any other military-technical means of deterring large-scale aggression aside from the nuclear deterrent.

The myths surrounding nuclear weapons make it difficult to resolve this contradiction. One of those myths is that nuclear weapons are in themselves exceptionally immoral. In this regard it should be noted that all weapons are by their nature immoral. Arms systems appear and disappear for reasons of military expediency alone. At the start of the century the world was shaken by such a "brutal" weapon as the machine gun. However, it underwent further improvement and the assault rifle was developed. At a certain stage it became necessary to increase its basic load of ammunition, which led to a reduction in the caliber of the of weapon. But this reduced its "lethality." The appearance of the bullet with a displaced center of gravity was due to the need to restore the assault rifle to its required effectiveness. I could quote other similar examples.

Some people believe that nuclear weapons resolve all problems of preventing war. Furthermore, they say, neither the quantity nor the quality of nuclear weapons play a special role here — possession of nuclear weapons is sufficient in itself because there is no universal quantitative assessment of "unacceptable damage" when it comes to deterring an aggressor. Such comments create a basis conducive to nuclear arms reductions which are unwarranted and even dangerous for Russia. However, bearing in mind that it takes decades to develop arms systems, it is extremely dangerous to define the demands on the combat potential and combat readiness of Russia's strategic forces on the basis of political expediency. That is why military scientists support the view that nuclear deterrence is acceptable only in certain conditions and applies mainly to large-scale war and, furthermore, that in that event Russia's strategic forces must be able to deliver several hundred nuclear weapons to their targets.

People often talk about the extraordinarily great economic costs involved in maintaining a large grouping of strategic forces. In fact the creation of a "nuclear shield" and the achievement of military-strategic parity with the

United States cost a whole generation of Soviet people colossal efforts and much deprivation. But once developed, the strategic nuclear forces "require" about 20 percent of total defense spending for their upkeep and they resolve the main task — deterring large-scale aggression. In addition, the fundamental changes which have taken place in the world have led to a significant worsening of Russia's geostrategic position. The attempt to revive the military-strategic parity between NATO and what is now Russia in regard to conventional weapons is not only unrealistic but also completely ruinous.

Thus Russia really has no alternative to the nuclear deterrent when it comes to the military-technical means of deterring large-scale aggression.

While accepting that the abundance of nuclear weapons is dangerous and that the very process of strategic offensive arms reduction is in itself undoubtedly positive, it is nevertheless necessary to have a clear view of their ultimate goal as well as the depth and procedure of such reductions that would be acceptable to Russia.

Here it should be borne in mind that deep reductions in nuclear arms considerably reduce the nuclear deterrent's ability to counter the various factors which destabilize the military-strategic equilibrium.

The strategic nuclear forces justify Russia's ceasing to feel itself an outcast from world civilization. We are a great power and a great nation if only because over our many centuries of history we have not only not been absorbed by other peoples but have become masters of one-sixth of the earth's surface with all its vast natural resources. We have the real strength to defend our national security.

Even though it seems that the Russian people have already ceased to feed their own army, the foundations laid back in the days of the Soviet Army are so great that they presently preclude a situation in which Russians will have to feed someone else's army. However, the deep reductions of strategic offensive arms could demand that Russia embark on considerable outlays in order to maintain the nuclear forces' combat capability at a level guaranteeing unacceptable damage for an aggressor, as well as on increasing the quantity and improving the quality of conventional weapons. In this connection it is appropriate to raise and examine publicly the question of how the provisions of the START-2 treaty correspond to the level of the strategic forces' combat capability that is both necessary and sufficient for Russia.

Chubays Interviewed on Expanding Ties With Iran*LD1607142195 Tehran IRNA in English
1404 GMT 16 Jul 95*

[FBIS Transcribed Text] Moscow, July 16, IRNA — Russian First Deputy Prime Minister Anatoliy Chubays Saturday said that despite some problems, relations between the Islamic Republic of Iran and Russia should be expanded.

In an interview with IRNA here, he said that there should be no obstacle on the way of promoting the two neighboring countries' cooperation especially in the commercial and economic fields.

"We are bound to expand relations and bilateral cooperation for the sake of the two nations," he added.

Referring to the important role played by the Caspian Sea in promoting bilateral and multilateral relations of the countries bordering it, he emphasized the need to define the new legal regime of the sea.

Taking into account the fact that after the demise of the USSR four independent states have now common borders with the Caspian Sea, he said these countries as well as Iran should cooperate with each other to solve the problems related to the sea.

Iran, Russia, Kazakhstan, Turkmenistan and Azerbaijan are the five countries bordering the Caspian Sea.

Chernyshev on Transporting Oil From Caspian Sea*LD1607170995 Moscow INTERFAX in English
1307 GMT 16 Jul 95*

[FBIS Transcribed Text] MOSCOW, July 16 (INTERFAX) — Russia does not rule out the possibility of laying pipelines for transporting the Caspian oil through other countries, Russia's Deputy Foreign Minister Albert Chernyshev told INTERFAX.

He noted, however, that any project must meet two criteria: political stability and economic expediency.

He said there were several ways of transporting oil from the Caspian Sea, including through the territory of Turkey, Armenia and Iran.

"These are only projects, though. The pipeline which can take oil to the consumer is in Russia and it extends only to Novorossiysk. Consultations are on other options, which is a normal way of evaluating political and economic expediency," he said.

Commenting on Ankara's open interest in having the pipeline built in its territory, Chernyshev said: "There is a great amount of oil and no one denies that part of it might be transported through Turkey. But neither the political situation nor economic expediency should be

neglected. One must carry out a feasibility study and see what is expedient with due account taken of the political situation."

He said that Moscow "has certain doubts about Turkey in terms of stability."

Moreover, the status of the Caspian Sea has not been defined yet, he said. "Who will invest in a project which has no juridical footing?" said Chernyshev.

Posuvalyuk Comments on Israel-Syria Peace Process*LD1507201895 Moscow ITAR-TASS World Service
in Russian 1242 GMT 15 Jul 95*

[By ITAR-TASS correspondent Anatoliy Golovastov]

[FBIS Translated Text] Beirut, 15 Jul (ITAR-TASS) — At present, I do not think there is a danger of the emergence of another deadlock or hitch in the peace process on the Syrian-Israel front." This was said in a conversation with the ITAR-TASS correspondent by Viktor Posuvalyuk, special representative of the Russian president in the Middle East, deputy minister of foreign affairs of the Russian Federation, who arrived today in the Lebanese capital on a one-day visit.

"The sides have seriously embarked on the search for peace," he stressed. At the same time, Viktor Posuvalyuk noted that he could not make a more detailed assessment of events till after his coming meetings with the Syrian leaders on Sunday."

The president's representative does not share the pessimism that appeared in the mass news media of a number of countries regarding further progress on the road to peace between Syria and Israel after the recent unsuccessful visit to the region by U.S. envoy Dennis Ross.

V. Posuvalyuk had a working meeting with Zafir Hasan, general secretary of the Lebanese Foreign Ministry, and was then received by Lebanese Republic President Ilyas Harawi. During the conversations that took place, questions on the development of bilateral relations, and also the situation in the region and the state of the peace process between the Arab countries and Israel, were discussed.

After his meeting with President Ilyas Harawi, Viktor Posuvalyuk told Russian journalists that the Lebanese side expressed wishes for the further activation of the role of Russia in the peace process and in the development of bilateral relations.

Meets Syrian Foreign Minister

*LD1607184295 Moscow ITAK-TASS in English
1800 GMT 16 Jul 95*

[FBIS Transcribed Text] BEIRUT, July 16 (ITAR-TASS) — Russian President Boris Yeltsin's special envoy to the Middle East Viktor Posuvalyuk met Syrian Foreign Minister Faruq al-Shar' in Damascus on Sunday to discuss the Syrian-Israeli track of the Middle East peace process and Russian-Syrian relations.

Informed sources said Posuvalyuk and al-Shar' also discussed Syria's debt to Russia.

It was not immediately known what agreements concerning the Middle East peace settlement were reached at the talks. At the same time, in an interview with ITAR-TASS during his one-day trip to Lebanon on Saturday last week, Posuvalyuk said "I believe there is no danger at this point that the Syrian-Israeli track of the peace process may get into a new deadlock."

"The sides have started to look for peace in earnest," he said.

Posuvalyuk said he did not share the pessimism about future progress in relations between Syria and Israel following a recent unsuccessful visit to the region by U.S. emissary Dennis Ross.

The Russian envoy said he also plans to visit Kuwait and Bahrain.

Daily on Military Agreement With South Africa

*MK1507113295 Moscow KOMMERSANT-DAILY
in Russian 15 Jul 95 p 4*

[Report by Aleksandr Koretskiy under the "Russian-South African Military Ties" rubric: "Guerrillas Do Not Forget Their Instructors"]

[FBIS Translated Excerpt] From now on the military of Russia and South Africa will be strategic partners. And it is not just talk any longer. This was underpinned by an interdepartmental agreement on military-technical cooperation, which was signed by Russian Defense Minister Pavel Grachev and his South African counterpart, Joe Modise, yesterday. After the ANC came to power in South Africa, however, few Western military experts had any doubts with regard to cordial military relations that would soon be established between Pretoria and Moscow — at least because Joe Modise underwent military training in special camps in the USSR and Czechoslovakia in the 1960's as a leader of the ANC's combat groups. He gained his first experience of negotiating arms deliveries with Moscow back in the 1980's, when he paid two visits to Moscow as the head of the ANC Military Committee.

During his four-day stay in Moscow, Modise made no bones about the fact that he is interested not so much in the up-to-date models of Russian weapons systems, but, rather, in those who manufacture them. Given that, even the schedule of his Russian visit was noteworthy: He had only two official meetings with Pavel Grachev, while visiting defense enterprises and test ranges and meeting with the leaders of the State Defense Industry Committee and other agencies involved in arms and military technology exports during the rest of his stay.

Joe Modise even made a brief trip to Sochi, where First Deputy Prime Minister Oleg Soskovets, "Russia's chief defense man," is currently staying on vacation. It is there that Modise received specific proposals from Moscow on setting up a joint (to all appearances, intergovernmental) commission on military-technical cooperation and with regard to direct contacts between the two countries' defense enterprises. And since there was no need to prove to Modise that "Russia is an advanced country in the area of military technologies," as he himself said on the first day of his visit, the next agreement easily reached by the two sides hardly came as a surprise: It is Russian defense potential that will become the basis for fostering military-industrial cooperation between the two sides. [passage omitted]

Agreement With Czech Republic on Russian Debt

*LD1407182795 Moscow INTERFAX in English
1702 GMT 14 Jul 95*

[FBIS Transcribed Text] MOSCOW, July 14 (INTERFAX) — Moscow and Prague have agreed on capitalizing part of the Russian debt to the Czech Republic which, according to various estimations, has run up to about \$5 billion.

Russian Deputy Prime Minister, Minister for Foreign Economic Relations Oleg Davydov and Czech Industry and Trade Minister Vladimir Dlouhy discussed the debt problem and other important issues in relations between Russia and the Czech Republic at their talks today.

The parties agreed to offer comprehensive support for Czech companies seeking to buy part of Russian enterprises' property for implementing joint projects. The proceeds from the sale of the shares is to go towards paying the Russian debt.

Dlouhy said at the talks that "capitalizing the Russian debt is the only method to resolve the debt problem because the Czech Republic does not need either delivery of special property from Russia nor machines and equipment offered by Russia."

He said he was concerned about the absence in Russia of "a clear mechanism for ensuring the participation of

foreign companies in capitalizing Russian enterprises' property."

Davydov told Dlouhy that the Russian government would guarantee Czech companies doing business in Russia comprehensive support. Davydov problems arising in cases with specific projects would be resolved in favor of Czech companies, even if this means lifting present restrictions.

Davydov declared that the period of stagnation in Russian-Czech trade relations, observed in 1992-1994, had been overcome. He said he believed that trade turnover between Russia and the Czech republic would rise by 20% this year and could near \$2 billion.

Meanwhile, Dlouhy attributed this trade increase to Russian supplies of strategically important raw material growing, while the Czech Republic has cut exports to Russia.

Davydov said the Russian market was open for producers from any countries and Czech businessmen should seek their niche in this large market with competitive products.

Consortium Formed To Develop Oil Fields in Iraq

*MK1407144095 Moscow SEGODNYA in Russian
14 Jul 95 p 4*

[ANI report: "Russian Companies Divide Western Kurna. 'Nestro-LUKoil' Joint Venture Gets Appointed Project Operator"]

[FBIS Translated Text] The "LUKoil" oil company is going to have a 70-percent share in the second-stage project calling for the development and full-scale equipping of the Western Kurna oil fields in Iraq after the lifting of the UN international sanctions, a project where the Russian "Zarubezhneft" and "Mashinoimport" associations are going to take part on product-sharing principles. This was announced by Yuriy Agababov, deputy general director of the "Zarubezhneft" foreign economic association.

According to Yu. Agababov, "Zarubezhneft" and "Mashinoimport" will each be entitled to a 15 percent of the product under the internal agreement signed by participants in the Russian consortium on 3 July. The operator and the feasibility study author is the "Nestro-LUKoil" company, a joint venture with a 50-to-50 participation proportion. The feasibility study is expected to be over by the end of 1995. "LUKoil" vice president Dzhevan Cheloyants said that at the moment the Russian and the Iraqi sides "have agreed to 75 percent of the provisions of the contract on the second stage of the Western Kurna development."

The outstanding questions of this project (in particular, the production volume and development pattern and so on), according to Yu. Agababov, are to be discussed during the visit by an Iraqi delegation to Moscow scheduled for this coming September. The "Zarubezhneft" deputy general director also stressed that each Russian consortium-member "is independently exploring possibilities to fund its share under the contract." Importantly, the participants cannot transfer their shares in exchange for funds. According to an estimate by specialists of Russia's Fuel and Energy Ministry, the necessary investments in the second stage of the Western Kurna development totals about \$7 billion.

Plans To Resume Involvement in Cuba's Oil Industry

*MM1707092295 Moscow ROSSIYSKAYA GAZETA
in Russian 14 Jul 95 First Edition p 15*

[Report by Konstantin Baskayev: "Our Oil Industry Is Back in Cuba. Apparently the 'Frozen' Relations Between Russia and Cuba in the Sphere of Fuel and Energy Are Beginning To Be Gradually Restored..."]

[FBIS Translated Text] Petr Nidzelskiy, Russian Federation deputy minister of fuel and energy, announced at a briefing in Moscow that the ministry is studying the possibilities of resuming work by Russian companies to finish the construction of facilities in Cuba begun under the USSR. As well as the possibility of geological prospecting work and the extraction of oil in that country.

Commenting on the results of a visit to Cuba by representatives of the Ministry of Fuel and Energy and the "Zarubezhneft," "Zarubezhneftegazstroy," and "Mashinoimport" Associations, and also Russian power engineering workers, P. Nidzelskiy noted that the interest in restoring normal business relations with Cuban colleagues was mutual.

According to the results of talks with Rodriguez Ortis, Cuba's deputy minister of basic industries, a protocol was signed on cooperation enshrining the sides' plans for geological prospecting and the development of various oil deposits on the coastal shelf and on the island.

According to the assessments of specialists, development will require investments in the order of around \$150-180 million.

According to P. Nidzelskiy, the "Rosneft" and "Zarubezhneft" Companies showed interest in a comprehensive program to restore Cuba's fuel and energy complex. At the same time the possibility of attracting

Russian and foreign investors to this complex is not being ruled out.

The protocol also denotes the need and the schedule for the completion of construction of the Varadero-Mantanzas oil pipeline, which is 67 km long and has a capacity of 3 million tonnes a year. Funding of the concluding phase of the work, according to the minister, will require injections of \$12 million and will be implemented from the \$300-million Russian Government credit granted to Cuba in 1993, which has hitherto been "frozen."

According to the deputy minister, a ship is to depart for Cuba with various power engineering, oil industry, and other equipment worth \$3 million, essential for the resumption of work.

The "Rosneft" Company also took on the completion of construction of the Dias Brothers Oil Refinery in Santiago-de-Cuba, which will require around \$100 million. In all it is necessary to complete the construction of two oil refineries and a third unit at the Havana thermal electric power station.

"We have abandoned too much in Cuba in the past five years," Petr Nidzelskiy noted. "Nature abhors a vacuum, and the oil deposits which were developed by Soviet specialists are today being worked by Canadians, for example. Both we and the Cubans wish to restore our old, good, partnership relations, but on a new, mutually advantageous basis."

Shumeyko on Results of Visit to Caucasus

LD1607173095 Moscow ITAR-TASS in English
1700 GMT 16 Jul 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, July 16 (ITAR-TASS) — The leaders of the three Caucasus republics supported Russian President Boris Yeltsin's proposal to convene a Caucasus peace conference in September.

Russian Federation Council Chairman Vladimir Shumeyko, who is also Chairman of the CIS Inter-Parliamentary Assembly Council, said the support of the three Caucasus republics — Armenia, Azerbaijan and Georgia — was the main result of his trip to the region.

Originally Armenia was not on the itinerary and was included at the last minute. Explaining the last-minute changes in the programme, Shumeyko told journalists that Russia attaches great importance to this meeting — to be attended by the leaders of all CIS states and chaired by President Yeltsin — and therefore it was agreed that the Russian delegation would visit

Armenia for talks with President Levon Ter-Petrosyan. (An official visit to the republic took place last autumn.)

The Armenian leadership welcomed the move as a confirmation that "Russia has no double standards in its state policy on the Caucasus and vis-a-vis the countries of the region."

Georgian leader Eduard Shevardnadze, Azerbaijani President Heydar Aliyev and President Ter-Petrosyan hailed the idea of holding the conference, adding that "we need a business-like, specific and well-prepared dialogue, not just another talk about peace and friendship."

This should be a "men's talk," Shumeyko said, explaining that he means first of all the ability to keep one's word and fulfil one's obligations. "A men's talk, it is when the leaders give their word and keep it," he added.

The Caucasus leaders agreed that the situation in the region is so tense that it is impossible to delay the conference any more. There are about one million refugees in Azerbaijan, several hundred thousand in Georgia and about 60,000 in North Ossetia, plus the Chechen crisis, they said.

The return of refugees should facilitate the settlement of the conflicts in the region, Shevardnadze and Aliyev said. They also expressed the hope that Russia will act as a mediator in this process.

Russia "is not an arbitrator," especially now that it itself is fighting separatist tendencies and trying to quell ethnic conflicts, Shumeyko said.

"But our country feels moral duty to the former Soviet republics" and is interested in a stable Caucasus, he said. The resolution of the crisis would meet Russia's strategic interests and facilitate the economic revival of not only Russia, but also the entire North Caucasus, he added.

Shumeyko said the conference should "gather all those who want to solve the problem in a constructive way, for this will be critical to further development of all states whose ultimate goal is the prosperity of their people."

"The illusory idea of national exclusiveness, the belief in the 'separate-state-for-each-ethnic-group' formula and the priority of the rights of nominal ethnic groups should recede into the past," he said.

Speaking about the Caspian sea oil consortium, Shumeyko stressed that "if we resolve the Nagorno-Karabakh issue, the Georgian-Abkhazian conflict and the Chechen problem, we will build that pipeline where we all want."

Abkhazia Protests Changes in CIS Forces' Mandate
 LD1407184095 Moscow INTERFAX in English
 1702 GMT 14 Jul 95

[FBIS Transcribed Text] MOSCOW, July 14 (INTERFAX) — On Thursday [13 July] Abkhazian leader Vladislav Ardzinba sent a message to Russian President Boris Yeltsin in which he expressed disagreement with changes in "the mandate of the CIS peacekeeping forces in the zone of the Georgian-Abkhazian conflict without the knowledge of the Abkhazian side."

In his opinion, this is "an infringement of Abkhazia's legal interests even if one views it as only a party to the conflict."

Ardzinba pointed out that fresh items had appeared in the new mandate which was confirmed at the CIS summit on May 26. Namely, these new items are; vital utilities being put into operation, foremost, the Inguri hydro electric power-station, as well as the creation of conditions for the secure and dignified return of refugees and control over disbandment and withdrawal of all voluntary formations.

"Ensuring security of the Inguri hydro electric power-station by peace-keeping forces is interference in the activity of local power bodies in the Gali region. This violates the agreement on cease-fire and forces disengagement reached by the conflicting parties on May 14, 1994 which also fixes the forms and means for implementing the peace-keeping operations," the message says.

In addition, Ardzinba believes, the item on control over voluntary detachments' disbandment raises a variety of questions and "is largely of a propagandistic nature, because there are no such detachments on the Abkhazian territory."

"The item on the creation of conditions for a secure and dignified return of people to the regions of their permanent residence is also questionable," Ardzinba believes.

He underlined that Abkhazia plans to determine its further actions "depending upon explanations given to these questions."

Black Sea Fleet Air Force Chief Interviewed
 MM1707100495 Moscow KRASNAYA ZVEZDA
 in Russian 14 Jul 95 p 2

[Interview with Lieutenant General of Aviation I.D. Fedin, commander of Black Sea Fleet Air Force, by Captain First Rank Vladimir Pasyakin under "Topical Subject" rubric; place, date not given: "The Fleet Cannot

Survive Without Wings Over the Sea" — first two paragraphs are introduction]

[FBIS Translated Text] From KRASNAYA ZVEZDA's File

Ivan Dmitriyevich Fedin was born in the city of Yelnya, Smolensk Oblast, 17 January 1947. He graduated from Orenburg Higher Aviation School for Pilots, the N.G. Kuznetsov Naval Academy, and the General Staff Academy. Since 1994 he has been commander of the Black Sea Fleet Air Force. He is a lieutenant general of aviation.

He is a military pilot-expert marksman and an honored military pilot of Russia.

[Pasyakin] Comrade commander, have the tasks of the Black Sea Fleet Air Force changed in connection with the changes taking place in the Black Sea region?

[Fedin] The tasks of the Fleet Air Force remain as before. The chief task is to ensure and maintain a favorable operating regime in the Black Sea basin. In particular, to conduct air reconnaissance, to seek and track submarines, and to detect a potential adversary's strike groups. But the operating radius of our aircraft has shrunk. The reason for this is the Mediterranean Squadron's departure and the loss of a number of airfields in former Warsaw Pact countries.

[Pasyakin] The opinion is current that there is no need to base the Black Sea Fleet Air Force at Crimean airfields, that the Fleet Air Force can be relocated to airfields in Russia and perform its mission from there....

[Fedin] The Fleet Air Force is a complex organism consisting not just of aircraft and combat-ready crews. It is a whole range of installations, including a very varied infrastructure to ensure flights, to prepare weapons, etc. It will take years and billions of rubles to create it in a new place. Is this possible now? As for reforming the Black Sea Fleet, my personal viewpoint is this: Today it is necessary to preserve the authorized organizational structure of the Black Sea Fleet Air Force with reconnaissance, strike, attack, and antisubmarine aviation — both helicopters and fixed-wing aircraft — and, of course, a transport regiment to supply the fleet.

But if the reduction of the Black Sea Fleet continues and new hardware is not received, then we will be edged out in the Black Sea area in the very near future, as happened in the Mediterranean.

Our neighbors — Turkey, for example — are adopting programs to rearm their formations and are saturating them with new kinds of hardware. In particular, with F-16 aircraft and submarines. Turkey has leased three

frigates from the Americans, with subsequent transfer to its Navy....

Other Mediterranean countries have recently stepped up their activity sharply. Exercises are held regularly, and any opportunities for intelligence activity are utilized. If we fail to make a sober, full-scale assessment of the combat potential and combat capabilities of the Black Sea states in combination with the policies that they pursue and fail to define accordingly the composition and tasks of the Black Sea Fleet, then the Black Sea will cease to be "Russian."

[Pasyakin] Nevertheless, the reduction of the Black Sea Fleet — and its air force, in particular — is continuing. The losses include one of the fleet's largest air garrisons at Veseloye....

[Fedin] In the time of the USSR Veseloye Airfield held one of the leading places in the country's defense and space structures. A naval missile-carrying air regiment was based there armed with Tu-22M3 aircraft capable of accomplishing missions not only in the Black sea and the Mediterranean but also in the Northern, Baltic, and even Pacific theaters of military operations.

The space program made provision for Buran to land on the modernized and repaired runway at Veseloye. The ideally flat and smooth reinforced concrete surface, comparable with the runway at Baykonur, probably has no analogues in either the Northern or the Baltic Fleet in terms of its characteristics. The trouble is that even today the problem of handing over this unique runway and the command and control posts has not been resolved, although the garrison has not existed as a military unit for six months now.

In short, problem upon problem. In the ongoing reduction and partitioning of the Black sea Fleet the fate of another air garrison — Donuzlav — has not been decided. What is to happen to its very rich, well-developed infrastructure? There is a very old airfield there, where the USSR's seaplanes took to the air. All the first types of seaplanes underwent flight tests there: What ramps, moorings, shelters, storehouses, and command posts there are there!

[Pasyakin] It is, of course, hard to reconcile oneself to losses. But how are the Black Sea Fleet's airmen serving today and performing their combat training tasks?

[Fedin] I will tell you frankly that I am not satisfied with the results of the winter training period. I have told the unit commanders this. The flight plan was just 37 percent fulfilled owing to the fuel shortage. Yes, we accomplished the missions that were set on the basis of the actual potential. We have managed to retain a strong, combat-ready nucleus of pilots, which will

enable us to restore the combat capability of the air force in a very short time and in full when the material resources are secured. Good results were achieved by the regiment commanded by Colonel Sergey Orlov, the ground-attack air regiment headed by Colonel Vladimir Chistyakov, and the aviation-technical base commanded by Lieutenant Colonel Sergey Radchenko. And yet all this was with the aforementioned proviso — "on the basis of the actual potential...." Combat training is also proceeding in the summer period with a really dire fuel shortage, for the fuel quotas have been cut fourfold.

[Pasyakin] Following a number of major sea disasters, the question of rescuing people from stricken ships and vessels has become particularly acute. A special experiment involving aircraft was even conducted in the Black Sea Fleet, which KRASNAYA ZVEZDA reported last year. Fleet servicemen used also to take an active part in space programs. But, to all appearances, the difficulties which the fleet is experiencing have canceled out all this work, haven't they?

[Fedin] The tasks of searching for stricken vessels and ships and rescuing people at sea remain priority tasks for the Fleet Air Force. Aircraft and helicopters are on alert duty 24 hours a day with the appropriate degree of readiness.

As for space programs.... The Black Sea has always been an alternate area for spacecraft to splash down. The Fleet Air Force remains ready to assist cosmonauts. To this end we conduct special search and rescue exercises and hone the practical skills of Mi-14 and Ka-25 helicopter crews and An-26 aircraft crews both independently and in cooperation with other forces and resources of other departments — the Ministry for Affairs of Civil Defense, Emergency Situations, and Elimination of Natural Disasters, for example. But the transport regiment's forces are dwindling, aircraft which are at the end of their service life are going out of combat commission and new ones are not being provided. Therefore our potential in this sphere too is diminishing. If things go on like this, rescuing drowning people will become a matter for the drowning people themselves....

[Pasyakin] Earlier, the Ukrainian side privatized the training centers where pilots of carrier-based aircraft were trained. How is this unique base being used now, or is it being used at all?

[Fedin] The centers are not ours now, and I do not possess full information. Russian pilots are not being trained in the Nikolayev Center. Military pilots of the Northern Fleet's carrier-based aircraft have attempted to train in [name illegible; possibly Onki], but nothing has come of this as yet.

[Pasyakin] Ivan Dmitriyevich, how do you cooperate with the Ukrainian Navy's Air Force?

[Fedin] Here it is possible to speak only of landing on alternate airfields in an emergency. Plus exchanging information to ensure flight safety.

[Pasyakin] With the country's entry into the market, military structures, including fleet structures, have not avoided the temptation of "wild business" — leasing out tankers, auxiliary vessels, warehouse premises.... The fleet's airmen probably also make so-called commercial flights, do they not?

[Fedin] While I have been commander of the air force, they have carried out just a couple of commercial flights, although this is certainly profitable for us. We could channel the money earned into building housing for aircrews and acquiring spare parts, tools, accessories kits, gasoline, and oils. No less important is the fact that in this way we train our crews, improving their flight training. But we must not sacrifice everything to commerce, for sooner or later temporary profit can turn into losses in other respects — aircraft wear out, the aircraft pool diminishes....

[Pasyakin] How do things stand with deliveries of new aircraft and the improvement of those already in commission? It is no secret that previously scientists and production specialists were frequent visitors to the Black Sea Fleet....

[Fedin] Much has now gone into decline. I will not speak about the major science sector. Even the finishing of aircraft involves some scientific ideas and improvements. We used to be constantly supervised by Kazan and Samara aviation plants, particularly with regard to Tu-22M3 aircraft and engines. Now we cannot even call out plant representatives owing to the lack of funds for repairs and the development of new technologies.

[Pasyakin] Nevertheless, the Fleet Air Force is alive and serving the fatherland. But one more trial awaits it — the division of the Black Sea Fleet, which, figuratively speaking, will even split up runways....

[Fedin] I regard the Sochi treaty, signed by the presidents of Russia and Ukraine, as an important document and, on the whole, as a step forward in resolving the problem of the Black Sea Fleet. But this treaty, I would say, is of a strategic nature and is in need of concretization, more precise definition, and additional work. Its actual implementation strikes me as quite complex on a tactical plane, since the too general, nonspecific formulations permit a dual interpretation of individual provisions. The structures of the Fleet Air Force will be divided up — both the aircraft pool and the ground infrastructure. Whereas it is a relatively simple operation

to divide up the former, it will be far more complex to divide up the ground equipment, spare parts, tools, and accessory kits for aircraft.

But even after this no one will take from us the task of serving Russia. You have to remember that our losses must not lead to losses for Russian authority in the Black Sea and other regions. It becomes increasingly complex to counter this without wings over the sea....

Admiral: BSF's Existence Threatened by Debt

LD1607172195 Moscow INTERFAX in English
1307 GMT 16 Jul 95

[FBIS Transcribed Text] SEVASTOPOL, July 16 (INTERFAX) — The existence of the Black Sea Fleet is under threat, Admiral Aleksandr Aladkin told INTERFAX.

The admiral said that the Fleet's debt to vessel repair factories is the main reason. Taking into account the situation at the Fleet, it is possible to say that if the Fleet continues to be financed as currently, the Fleet will cease to exist in 1997, believes Aladkin.

According to him, since October 1993 Ukraine stopped financing the Fleet. "It is noteworthy that Moscow, according to the understanding reached by the two countries' presidents, is to set aside 50% of the money necessary for the maintenance of the Fleet. Kiev is to earmark the second half of the money," said the admiral.

Now, he said the debt of the Ukrainian defense ministry to Moscow for the Fleet's maintenance amounts to over \$250 million.

The sum also includes expenditures for the upkeep and training of sailors, Ukrainian citizens, who swore oath of allegiance to Ukraine, the upkeep of the Fleet's vessels which are to be handed over to Ukraine. (According to the understandings between Moscow and Kiev, Ukraine should receive 142 ships and 42 boats).

Big sums are spent for the storage of thousands of missiles, mines, torpedoes, projectiles, which will be divided between the Black Sea Fleet and the Ukrainian Naval Force, said the admiral.

Moscow, Tajikistan Sign Agreement on Trade

MK1507060095 Moscow KURANTY in Russian
14 Jul 95 p 2

[Report by Andrey Varchenya: "Military Pilots To Flood Us With Fruit"]

[FBIS Translated Text] Moscow Mayor Yuriy Luzhkov and Tajikistan Prime Minister Dzhamshet Karimov

have signed an agreement on scientific-technical, trade-economic, and cultural cooperation. The agreement calls for cotton deliveries to the Russian capital in order to supply light industry with raw materials. In addition, Tajikistan undertakes to send fruit and early vegetables to Moscow. Yuriy Luzhkov expressed his intention to reach agreement with the Russian Federation Defense Ministry and the Federal Border Service so that Russian military transport flights that bring supplies to Russian

soldiers and border troops in Tajikistan would take fruit and vegetables to Moscow on their way back.

It should be noted that prices of vegetables in Tajikistan are low by comparison with Moscow prices. For instance, calculated in the ruble equivalent the price of 1 kg of onions does not exceed 500 rubles. Tajikistan, in turn, will receive new technologies developed by Moscow scientists and manufacturing products.

Political Issues**Medvedev: Yeltsin 'Fully Controls' Nuclear Arsenal***LD1407183595 Moscow INTERFAX in English
1702 GMT 14 Jul 95*

[FBIS Transcribed Text] Moscow, July 14 (INTERFAX) — Despite his illness Russian President Boris Yeltsin fully controls the country's nuclear arsenal, presidential spokesman Sergey Medvedev told INTERFAX in an interview today.

He said the so-called "nuclear button" or the special communication system was following the president everywhere. According to Medvedev, Yeltsin now has the "nuclear button" in the Central Clinical Hospital.

Medvedev said Yeltsin was fully aware of the events in the world and the military situation and was maintaining permanent contacts with the Russian defense minister and the country's top generals.

Last time Yeltsin had to use the special communication system when a Norwegian scientific missile put on alert the Russian anti-missile defense.

President Yeltsin Continues Treatment in Hospital**Release Possible 'End of Next Week'***LD1407183795 Moscow INTERFAX in English
1702 GMT 14 Jul 95*

[FBIS Transcribed Text] Moscow, July 14 (INTERFAX) — Russian President Boris Yeltsin is likely to stay in the Central Clinical Hospital and continue receiving medical treatment until the end of next week, well-informed sources in the Kremlin told INTERFAX today.

Yeltsin was hospitalized on July 11 in the morning because of heart complaints.

Sources close to the president said Yeltsin himself seeks to be discharged from the hospital on Monday, July 17. Yeltsin said he could work at home.

The Russian president's first aide Viktor Ilyushin told state television today that he had phone talks with Yeltsin every day and believed that Yeltsin was on the mend.

Aide Denies Knowledge of Operation*LD1407202495 Moscow INTERFAX in English
1806 GMT 14 Jul 95*

[FBIS Transcribed Text] Moscow, July 14 (INTERFAX) — The Russian president's first aide Viktor Ilyushin agrees with the opinion of physicians who have said he should remain under medical observation for an

other week so as to fully recover and return to a full workload.

Ilyushin told INTERFAX in an interview today that he knew nothing about any operation on Boris Yeltsin's heart.

Ilyushin added that he had "heard nothing about plans to buy from Bulgaria or any other country an artificial mitral valve for the president."

"Let them name the people who ordered this mitral valve. I'm ready to discuss the subject with them," Ilyushin said.

He said, "The state of health of the president is quite like the state of health of a person undergoing medical treatment at the Central Clinical Hospital."

"I feel that Boris Nikolayevich's health is getting better," Ilyushin said.

Yeltsin Continues Work Despite Hospitalization*LD1707094095 Moscow ITAR-TASS World Service
in Russian 0900 GMT 17 Jul 95*

[FBIS Translated Text] Moscow, 17 Jul (ITAR-TASS) — Russian President Boris Yeltsin is continuing his treatment in the Central Clinical Hospital. A report by the Russian president's press service which ITAR-TASS received today says that specialists consider it necessary for the patient to continue to undergo the planned course of treatment in the hospital where there is everything needed for the work.

The press service report says that the president continued to work over the weekend, also. In particular, he instructed Foreign Minister Andrey Kozyrev to take part in the signing of a provisional trade agreement between Russia and the European Union and in the meeting with EU foreign ministers, which will take place in Brussels on 17-18 July.

Yeltsin also examined a number of important documents, having dispatched the relevant instructions to the Government of the Russian Federation. He supported the idea of opening Russia's air space for international flights and the creation of a state corporation for managing air traffic, having instructed Prime Minister Viktor Chernomyrdin to finish work on a draft of the relevant decree. The president obliged the heads of a number of ministries to find an urgent solution to guaranteeing deliveries of agricultural equipment needed to ensure that the 1995 harvest is brought in and stored in good time.

Signs Federal Laws

LD1507123595 Moscow ITAR-TASS World Service
in Russian 1006 GMT 15 Jul 95

[FBIS Translated Excerpt] Moscow, 15 Jul (ITAR-TASS) — Today, President Boris Yeltsin sent to State Duma Chairman Ivan Rybkin his conclusions on the following draft federal laws: On the Procedure for the Settlement of Collective Labor Disputes; On a Simplified System of Taxation and Accounting for Small Businesses; and also a conclusion on the draft of the criminal-executive code of the Russian Federation, approved by the State Duma of the Federal Assembly in its first reading. This was reported by the press service of the head of state. [passage omitted]

According to the report by the press office, Boris Yeltsin "has also examined and signed today the following federal laws: On International Treaties of the Russian Federation; On the Ratification of the Agreement Between the Government of the Russian Federation and the Organization for Economic Cooperation and Development on Privileges and Immunities of the Organization in the Russian Federation; On Keeping in Custody Those Suspected of and Charged With a Crime; On the Ratification of the Agreement Between the Russian Federation and the People's Republic of China on the Western Sector of the Russian-Chinese State Border."

Signs Treaty With Portugal

LD1507090795 Moscow ITAR-TASS World Service
in Russian 0839 GMT 15 Jul 95

[FBIS Translated Text] Moscow, 15 Jul (ITAR-TASS) — "Russian President Boris Yeltsin, who is undergoing treatment at the Central Clinical Hospital, is continuing his work," the head of state's press service reported today.

An official communique that has been issued here notes that the president "today sent the Treaty of Friendship and Cooperation between the Russian Federation and Portugal, which was signed in Moscow on 22 July 1994; and the agreement between the Russian Federation and the Republic of Georgia on the status and operating conditions of the Russian border troops in the Republic of Georgia, which was signed in Tbilisi on 3 February 1994, to the State Duma for ratification. The president also submitted a proposal to the State Duma that the Russian Federation accede to the 1972 Protocol on amendments to the 1961 Single Convention on Narcotic Drugs."

Yeltsin Meeting With Duma Officials Cancelled

LD1707105595 Moscow INTERFAX in English
1034 GMT 17 Jul 95

[FBIS Transcribed Text] Moscow, July 17 (INTERFAX) — The meeting between the Russian president and the chairmen of the committees of the State Duma, the lower house of the Russian parliament, planned for Tuesday [18 July], will not take place, Duma speaker Ivan Rybkin told INTERFAX.

"The meeting in hospital is out of the question, the president should recover fully, and there is no need to trouble him," said Rybkin.

He said an understanding about the meeting was reached before the Russian president was hospitalized. According to Rybkin, the president continued saying that he wanted to meet, and he did not change his timetable for this week, but doctors said no.

Rybkin said that this meeting was not linked to the speech by Prime Minister Viktor Chernomyrdin in the Duma planned for Wednesday.

Yeltsin Postpones Norway Visit; Ties Unaffected

LD1407184795 Moscow INTERFAX in English
1702 GMT 14 Jul 95

[FBIS Transcribed Text] Moscow, July 14 (INTERFAX) — Russian President Boris Yeltsin's official visit to Norway scheduled for July 19-20 has been postponed and "will possibly take place late August-early September," presidential press secretary Sergey Medvedev reported to INTERFAX.

He added that the date for the visit will be arranged through diplomatic channels.

Medvedev explained that the delay in Yeltsin's visit is a result of recommendations from his physicians. In as air travel is accompanied by nervous and physical stresses "physicians demand that the Russian president conclude his course of treatment in the hospital." "Though the option of receiving treatment out of the hospital is not ruled out either," Medvedev said.

Meanwhile, in an interview with INTERFAX Friday, spokesman for the Norwegian Embassy to the Russian Federation declared that the postponement of Russian President Boris Yeltsin's visit to Norway would have no influence on the state of Russian-Norwegian relations.

He underlined that "Norway takes the situation with understanding and wishes the Russian president the soonest recovery."

The Norwegian diplomat stressed that the visit by the Russian president to his country has been postponed,

not cancelled. "We believe that it will take place in the near term" he noted.

Aide: 'No Information Vacuum' Around Yeltsin

*LD1407152595 Moscow Russian Public Television
First Channel Network in Russian
1400 GMT 14 Jul 94*

[From the "Vremya" newscast]

[FBIS Translated Text] Viktor Ilyushin, first aide to the Russian preysident, announced today that Boris Yeltsin's visit to Norway, previously scheduled for 19-21 July, will be deferred. He gave assurances, however, that despite this postponement, Boris Yeltsin's health is OK. Our correspondent had a meeting with Viktor Ilyushin:

[Begin recording] [Unidentified correspondent] Viktor Vasilyevich, citizens of the Russian Federation — and they are not the only ones, either — are still worried about Boris Nikolayevich's health. Tell me, how does he feel today?

[Ilyushin] Well, I can in fact speak only from the fact that I talk to him on the phone; I am in regular contact with him by that means. At least I think he is getting better, judging by his voice and the things he is interested in. Today, we had a pretty detailed conversation and I was able to inform him about how the negotiations in Chechnya and the Constitutional Court hearings are going. Of course, in the circumstances, we also had to discuss his plans for next week.

[Correspondent] So he is not only keeping up with everything, but is in charge of things?

[Ilyushin] Well, of course, it would probably be incorrect to say that the Kremlin office has moved to the hospital buildings. But, nevertheless, he is of course aware of the issues which are today the most urgent and acute or which demand the president's involvement. I know he is constantly having discussions — at least, he had them before Viktor Stepanovich [Chernomyrdin] left for Irkutsk — with the prime minister and with the head of administration. So there is no information vacuum around Boris Nikolayevich [Yeltsin]. [end recording]

Aide Criticizes Media Treatment of Yeltsin's Health

*LD1507143495 Moscow INTERFAX in English
1306 GMT 15 Jul 95*

[FBIS Transcribed Text] Moscow, July 15 (INTERFAX) — Boris Yeltsin's aide Georgiy Satarov refuses to see Yeltsin's health condition as "dangerous."

Addressing media reports on the President's deteriorating health condition, Satarov opposed attempts to play up the postponement of Yeltsin's visit to Norway.

Friday, Yeltsin's first aide Viktor Ilyushin told INTERFAX that the doctors were right in insisting that "Boris Yeltsin spend another week in hospital to make sure that he retains his high potential for work." Telephone conversations with Yeltsin allowed him to hope for a speedy recovery, Ilyushin said.

Naina Yeltsin Lashes Out at 'Verbal Sadism'

*MK1507095895 Moscow MOSKOVSKIY
KOMSOMOLETS in Russian 15 Jul 95 p 1*

[Report by Aleksandr Khinshteyn: "Naina Yeltsin Goes From Hospital to Hospital"]

[FBIS Translated Excerpt] Yeltsin's wife, Naina, had a very busy day yesterday. She visited two hospitals, even if both times — thank God — not as a patient. [passage omitted]

A question about her husband's health somewhat irritated her, however. "Why stir up passions over that so much? A man has gotten sick — what's so unusual about it? He is not 40 years old, after all. Now, I read yesterday's MOSKOVSKIY KOMSOMOLETS! How can one write in such a manner! This cannot be called other than verbal sadism. Everybody must be thinking that it is very easy to be president. But this is an immense workload, a strain that you would not wish on anyone. We should thank the Lord that the president has such robust health. Presently I can no longer read newspapers." ("Now you see how you are being advertised," Sergey Medvedev, presidential press secretary, remarked to a MOSKOVSKIY KOMSOMOLETS journalist after these words.)

"And why don't you meet with journalists?" Mrs. Yeltsin was asked.

"I have granted an interview once," the first Kremlin lady responded, already on her way out. "And they deliberately mixed up everything. Why, what do I need that for?!"

In the meantime, the corridor was still crowded with medical personnel and employees.

"Did you speak with the visitor?" we asked a group of nurses.

"Who'd let us? But had they let us approach, we would have told her that there is no living like this any longer. We voted for Yeltsin, but now we scarcely have enough money to buy food. Maybe you'd tell her about that yourselves...."

"We'd be glad to, but who'd let us approach!"

Daily Says Real Power Resides With Chernomyrdin
MM1407194995 Moscow KOMSOMOLSKAYA
PRAVDA in Russian 15 Jul 95 p 1

[Report by political observer Pavel Voshchanov under the "Results of the Week" rubric: You Can't Give Orders to the President's Heart....]

[FBIS Translated Text] Politically speaking, the week was uncommonly insignificant. Nothing unclear was cleared up at all. Those things which were relatively clear, fortunately, remained so. The distinguishing feature was that all the notable events which occurred were tied up with the president's name. The lawfulness of his decisions on Chechnya was examined at the Constitutional Court. Talks were held in the president's name in the Caucasus themselves with the leaders of "illegal bandit formations." The Duma, with an access of fruitless enthusiasm, tried to scrape together a case to remove Yeltsin from the Kremlin.

But, of course, the most noticeable event of this kind was the president's illness. Quite a lot has already been said and written about its causes and potential consequences. It is presented as something that has exercised, if not the whole world, then certainly our country. In actual fact, the president's illness has had a big impact only perhaps in the Russian press. At grass-roots level it has aroused merely faint curiosity. In the "upper echelons" of politics and business this has been even less. Apart from certain nuances, which are much more to do with good manners and basic sympathy, nothing unexpected occurred. The question that arises is why this should be so.

Clearly, we have not noticed or, more accurately, failed to see any change in the situation on Russia's political Mount Olympus: The real levers of power are no longer in the president's hands. It cannot be ruled out that a kind of (albeit not even clearly formulated) agreement has been reached between him and the premier about who will reign and who rule in the time left before the elections. The increasingly obvious aloofness from the country's acute domestic problems (Budenovsk bearing this out), the ostentatious forays into the Russian provinces, the enthusiasm for lavish foreign trips, the now-standard Brezhnevite manner of reading out political statements, the ad-libbed anecdotes — all this indicates that the Kremlin boss has willy-nilly been transformed into a ritualistic-cum-mythical figure known as "The Guarantor."

A successor to the throne appears sooner or later in the entourage of every head of state, particularly if the latter is already getting on in years. For strong leaders this

is an opportunity to finish off what is unfinished and preserve all that has been achieved. For weak leaders this is the chance to hang on in, retire with honor, and then enjoy a calm and prosperous life. Yeltsin, however, is a surprising mixture of both desires, because the question of his successor is such an agonizing problem for him. However, the political logic of the last year has left him virtually no choice. Chernomyrdin is the man.

Of course, not everyone views the political metamorphosis in the same way. But a far more important question here is: Is it good for Russia? I hope so. I hope at least it is guaranteed that the Kremlin won't repeat October 1993 in a desire to hold onto power at any price. However, it is not just a question of the Kremlin. With such an understudy there through "to the end" none of the increasingly strong members of the opposition will be tempted to pit their strength against a willful president prematurely.

...Politics has its great and its ludicrous elements. The former determine the country's future, the latter the prosperity of those who govern it. Grand apartments, bodyguards, a dacha, an armor-plated limousine, and your own special communications service are for them sometimes more important than any idea. Being deprived of this is a dreadful punishment. That is why any changes in power are both undesirable and dangerous to them. The boss does not yet suspect, but the retainers are already looking for his replacement. A safe replacement. So that they are not faced with an edict like the one Peter the Great issued "depriving the imperial goblet-bearer of the privilege of office."

As this issue was going to press, an ITAR-TASS report arrived: The Russian president is postponing his visit to Norway scheduled for 19-21 July.

Yeltsin Illness Highlights Premier's Weak Position
MK1507114495 Moscow MOSKOVSKIY
KOMSOMOLETS in Russian 15 Jul 95 pp 1-2

[S. Sh.-signed report: "Chernomyrdin at the Crossroads. Success at the Negotiations Could Do 'Our Home' a Bad Turn"]

[FBIS Translated Excerpt] [passage omitted] At first sight, the Dudayevites have made some large concessions. This is precisely what is needed by Premier Chernomyrdin, who personally blessed the Volskiy-Mikhaylov mission and, in the eyes of the public, assumed responsibility for its outcome. The success of telephone conversations with Basayev and the success at the negotiating table... accompanied by the financial "stabilization" is a solid footing for a propaganda drive by the state-controlled television and the success of the

premier's "Home" ["Russia Is Our Home" bloc] in the winter elections. The only pity is that the "Volskiy miracle" took place in lazy July — a long way off from 17 December. Who knows what may happen before then? [passage omitted]

Meanwhile, a serious threat to the Grozny parley has emerged from a completely unexpected direction. On Thursday, the local pro-Moscow Khadzhiyev-Avturkhanov administration staged a general protest action against the situation at the negotiations, which it finds unfavorable. Several hundred people held a rally on Teatralnaya Square. Concurrently, near the OSCE Mission — the venue for the delegations — there was one of the noisy daily gatherings of Dudayev's female fans. A small column of Khadzhiyevites, who had been detailed to perform an alternative demonstration of foot-stamping in the same place, was beaten and dispersed by the superior enemy forces. [passage omitted]

The unexpected activity of the "allied" Chechens, who had formerly refrained from any public actions, is quite understandable. The context of the negotiations is such that any agreement between Moscow and Dudayev would leave little room for them in the republic's political life after November. Stepashin, their main benefactor, was first undermined and then sacked altogether; Filatov keeps quiet; and at present there is no politician of even the slightest importance left in the Russian capital who would take the risk of lobbying their interests openly. A peace agreement would mean the end for them. Therefore, the only way to reattract the federal authorities' attention would be a scandal — if peaceful means fail, it may even come to bloodshed, deliberately provoked.

Far away from Grozny, in Moscow, the premier is not feeling much more confident than the "peaceful" Chechens. As it turns out, the public act of peacemaking — which was initially hailed as a stroke of genius — could have some unexpected side effects. The president's obscure illness has shown how rickety the premier's chair is. All of a sudden, rumors have appeared that the odious Grachev is for some reason going to Sochi to visit Vice Premier Soskovets — Viktor Chernomyrdin's famous "well-wisher" — who is vacationing there. Other well-wishers are taking a sudden interest in the procedure of succession to the throne in case Yeltsin goes. So Chernomyrdin has to defend himself, awkwardly sweeping aside any ideas of a possible presidency for himself.

Reportage on Reaction to Parliamentary Elections

Duma Deputies Hail Decree

LD1407144795 Moscow INTERFAX in English
1317 GMT 14 Jul 95

[FBIS Transcribed Text] Moscow, July 14 (INTERFAX) — The Russian president's decree setting parliamentary elections for December 17, 1995, "makes the situation more understandable and predictable," Russia's Choice faction leader Yegor Gaydar told reporters Friday. "I repeatedly told people from the president's administration that the sooner the elections are announced, the simpler it will be to organize them," said Gaydar.

Chairman of the Russian Agrarian Party Mikhail Lapshin said the decree had been "long awaited" and "it is good that it was issued five months before the elections." Lapshin believes that his party has good prospects at the elections, because at the previous one "it won stable enough positions" and may hope "for their considerable expansion".

Vladimir Zhirinovskiy believes that the appearance of the decree indicates that "the Constitution is operating and democracy is putting up the needed weight". He said the LPDR [Liberal Democratic Party of Russia] at the December elections intends to increase its number of seats up to 100-150 (at present the LDPR faction has 56 deputies).

Leader of the Russia, Forward! Movement, former finance minister Boris Fedorov, considers the decree as "a chance for democracy to win in Russia." "These will be the first elections which were prepared for almost two years and it is a genuine political campaign," he said. The chances of Forward, Russia! are estimated by Fedorov "with great optimism."

Politicians Comment on Announcement

LD1407163895 Moscow ITAR-TASS in English
1526 GMT 14 Jul 95

[By Lyudmila Aleksandrova]

[FBIS Transcribed Text] Moscow, July 14 (ITAR-TASS) — The Russian politicians believe that after the Russian President on Friday signed a decree scheduling elections to the State Duma, the lower house of parliament, for December 17, the political life of the country will invigorate.

"The decree should be welcomed, as it puts an end to all speculations on whether elections will be held, and there is no way back," a spokesman for the PRES [Party of Russian Unity and Accord] faction Vyacheslav Nikonov told ITAR-TASS.

In his opinion, the signing of the document will take many parties and election blocs by surprise, since no one has expected it before August 17, and the election campaign was programmed proceeding from this date.

Nikonov expects that the announcement of the election date will step up the process of consolidation and disintegration of different political parties and groups.

Leader of the Liberal-Democratic Party Vladimir Zhirinovskiy also supported the President's decision. "We are glad he did it in July. This means the election campaign will begin on August 17, and probably, candidates can be nominated as early as August 1, so the people will have a chance to make their choice," he told TASS.

Co-chairman of the Russian Social-Democratic Union Vasily Lipitskiy noted, in his turn, that the political forces which planned to postpone their activity for August-September will have to activate now.

Lipitskiy said, as a matter of fact, that his party has not yet solved the issue of its coalition tactics in the elections: whether to join the left-centrist bloc headed by Duma speaker Ivan Rybkin, or to form some other alliance.

The destiny of Rybkin's bloc is also unknown. Chairman of the "Union of Realists" movement Yuriy Petrov said that last Monday the parliament speaker met with leaders of twenty left-centrist organizations to discuss the setting up of a coalition. The issue remained open, however, as it was not duly prepared.

Leader of the Agrarian Party Mikhail Lapshin told Tass that his party will definitely not enter any left-centrist blocs, but will participate in elections as an independent contestant.

Minister Invites Foreign Observers

LD1607170595 Moscow ITAR-TASS World Service
in Russian 1029 GMT 16 Jul 95

[By ITAR-TASS correspondent Konstantin Pribytkov]

[FBIS Translated Text] Geneva, 16 Jul (ITAR-TASS) — Russian Justice Minister Valentin Kovalev has described as "immensely significant" the fact that elections to the State Duma were set for 17 December by an edict issued by the Russian president. "I expect a lot from these elections," he told the ITAR-TASS correspondent in an interview today. "I am convinced they will be held as scheduled and in accordance with democratic procedures."

Valentin Kovalev, who arrived in Geneva to attend a meeting of the Human Rights Committee at which a report from Russia is to be discussed, emphasized: "We are building an open society, which means that foreign

observers at our elections will not be an unwanted element. Not only do we agree to their presence, we are in fact inviting them," he noted.

The minister recalled that the ballot will be held in accordance with a new law. Its adoption was accompanied by arguments and debates, but conciliation procedures used in accordance with the Constitution made it possible in the end to find a solution.

The Justice Ministry has already registered hundreds of public associations constitutionally entitled to put forward their candidates in Duma elections, Kovalev continued. He added: "Newsmen sometimes ask me about my attitude to one party or another, for instance to the Russia is Our Home association. Well, in my capacity as justice minister I guarantee equal treatment to all on the part of the Justice Ministry. If I am unable to ensure this, I will resign."

Daily Views Election Edict

MK1507091495 Moscow KOMMERSANT-DAILY
in Russian 15 Jul 95 pp 1, 3

[Report by Veronika Kutsyllo: "Only the Day Before Yesterday the Visit to Norway Was Not Going To Be Postponed"]

[FBIS Translated Text] Two more or less sensational news stories arrived from the Kremlin yesterday. First, the president, at his working-bedside table at the Central Clinical Hospital, has set elections to the State Duma for 17 December. Second, the doctors dissuaded the head of state from flying Aeroflot or any other aircraft in the next few days. Thus the elections, so coveted by the deputies, have been given an exact date while the visit to Norway, planned for 19 July, has, quite the contrary, lost such [takovoy lishilsya]. Meanwhile only two days ago presidential aides were issuing assurances that the trip would take place as scheduled. True, the tonality of the unprecedentedly vast information flow from the presidential staff yesterday did not change in any way, sticking to the old traditions: Everything is good, and it will be even better.

The signing of the edict on elections to the State Duma, at first glance puts an end to the months-long coexistence of two mutually exclusive alternatives: Whether the elections are to be or not to be. The president, who likes to keep the deputies in suspense, might not have set an exact date before 17 August. But Yeltsin decided to put an end to preelection "speculation" beforehand. Unfortunately, however, Russia's entire previous political life does not allow one to think that the president has signed the edict "just like that" ["prosto tak"] — that is to say, because under the election law, he must fix an

election day. This is why Yeltsin's decision raises the question: Why now? There can be several answers.

First, the "goodwill" gesture has been made by the president on the eve of Viktor Chernomyrdin's statement in the Duma. True, since on 1 July the deputies, frightened by their own attempt to topple the government, hastily corrected themselves, the prime minister has nothing to fear no matter what statements he might have to make in parliament.

Second, next week a meeting was planned between Yeltsin and leaders of Duma factions on the issue of Chechnya (in spite of the president's illness, Georgiy Satarov's department is stepping up preparations for the meeting). However, it is unlikely that the deputies will mistake apples for oranges and, in gratitude for the fixing of the election date, sing praises to the Kremlin's actions in the Caucasus republic. They are simply not made that way.

The third possible reason for signing the edict can be described as sentimental: The sick president has become more sensitive and thus expressed his gratitude to the Duma for dropping impeachment procedures. Possibly.

There are two more theories. One is very risky and the other is very simple. The risky one is this: The edict has been signed owing to what is going to be Yeltsin's prolonged (contrary to previous and current assurances by Viktor Ilyushin about the president's robust state of health) presence at the Central Clinical Hospital. What if his entourage is not sure that the president will be able to sign an election edict later? In this event haste appears logical: Whatever might happen, the election date has already been fixed. The simple theory is that Yeltsin has indeed signed the edict just like that.

Skeptics believe that this decision is nothing more than a diversionary maneuver — meaning, as elections draw near, he will come up with something just the same. Yet the majority of deputies took the edict with obvious relief. It is welcomed by everybody: Yegor Gaydar, Mikhail Lapshin, Vladimir Zhirinovskiy, and Boris Fedorov. In other words, the politicians have seen the inevitability of the elections. Whatever the reasons behind this move, Russia has in effect been given an exact date for testing its political forces.

The Norwegian king has been placed in a worse position: Yeltsin's visit to Oslo has been moved without official explanation (the Kremlin apparently thought that the Norwegians would understand everything anyway). The new date will not be set before late August. Neither is the day when the "constantly working" president will be released from the hospital known yet. According to Ilyushin, the president will stay in the hospital for

at least another week. Yeltsin's wife, who yesterday visited two hospitals — the Central Clinical Hospital and Psychiatric Clinic No. 18 — told journalists at the latter that she had seen the president at the Central sitting at his working table, and that she would not wish anybody that post. Although many Russian politicians will not agree with her: for them the parliamentary elections, whose date was set yesterday, are only an intermediate stage.

Kozyrev on Relations With Duma; Other Issues

LD1407220795 *Moscow Russian Television Network in Russian 1625 GMT 14 Jul 95*

[Interview with Foreign Minister Andrey Kozyrev by correspondent Nikolay Svanidze in Moscow on 14 July; from the "Details" program — recorded]

[FBIS Translated Text] [Svanidze] Russian Foreign Minister Andrey Kozyrev flies to Brussels for the day on Monday [17 July] to sign an interim trade agreement with the European Union. In the six months of the Chechen war, our trade turnover with the EU, Russia's chief trade partner, has fallen by 14 percent. Now the Europeans have either decided to give up Chechnya as a bad job or to pretend that the negotiations in Grozny have already ended in a peace settlement. In any case, the interim trade agreement should be followed by a so-called grand trade agreement.

Andrey Vladimirovich, it may seem like a crazy question, but is this really the prerogative of the Foreign Ministry? It would seem to be the province of the Foreign Trade Ministry, would it not?

[Kozyrev] That is a very interesting question. Here we have the meeting point of politics and economics. Generally speaking, our first idea was that Deputy Prime Minister Oleg Dmitriyevich Davydov, the minister of foreign economic relations, would go to sign this agreement, but an element of politicization crept in. Chechnya cropped up here and the Western European Union started temporizing over signing the agreement. That is, not actually directly imposing sanctions, but sort of temporizing over the signing. This issue therefore acquired an additional political weight.

[Svanidze] Andrey Kozyrev should have addressed the Duma today, but did not do so. A "Parliamentary Hour" report was planned, to give information about the work of the Foreign Ministry.

Given that there are few people among the parliamentary factions who feel any particularly warm feelings toward you, how do you feel when speaking in the Duma now, what vibes do you get from the hall?

[Kozyrev] Well, in the first place, warm feelings have nothing to do with it, it is merely a question of people taking off their ideological and party blinders. In my view, the hustings is the place for settling party accounts of all sorts, and the election campaign is about to start now. In Murmansk two years ago I had 12 rivals, eight of them representatives of the parties you refer to here, including Yabloko and others, and they settled their party accounts with me there and then. You know what I mean, they tried to prove I was a bad man, but they were good chaps, the usual sort of thing on these occasions. In my view, the hustings is the place where one should engage in politics — he is a representative of the party, I am the territorial deputy, and I tried to show how the other candidates were worse than I was, or how I was better than they were, rather. Right?

So, when it is a question of the foreign minister delivering a report, I believe it is desirable that during the report part of the chamber — as, incidentally, does indeed happen — should nevertheless be thinking not what a dreadful democrat Kozyrev is, or what a dreadful statesman he is — there are some folks now who do evaluate things differently — but should be thinking: What does this say about us, how are we to sort things out with NATO?

[Svanidze] I have noticed in the press that there is increasing criticism of the Russian Foreign Ministry's position, domestic political criticism. In particular, you may have seen in today's SEGODNYA a big interview with your long-time opponent Vladimir Petrovich Lukin. He says, among other things, that the position of our Foreign Ministry, our position, recalls the pose of a provincial miss capriciously gossiping in the porch, playing hard to get, and yet nevertheless, giving in in the end. I have no idea why Vladimir Petrovich opts in particular for a provincial miss, it might be interesting to hear what the chairman of the Agrarian Party faction might think about such rural imagery, but the image itself is clear enough: The Russian Foreign Ministry plays hard to get when it hears the West's conditions, but then nevertheless, gives in and says well, OK then. That goes for the Partnership for Peace, too. Have you any comment on this?

[Kozyrev] Well, Vadim Petrovich is not only famous as my personal opponent and critic of some duration, but also as someone with a really quite colorful way with words. But to my mind real substance can, quite frankly, get lost at times in pursuit of the striking image. Any talks process that did not end in a punch-up could be presented in those terms.

[Svanidze] Your critics in the State Duma are probably a lot fiercer than Lukin, Andrey Vladimirovich, for

reasons of world outlook. You were due to deliver a report today to the State Duma. Why did this not take place?

[Kozyrev] I find it hard to say. For instance, I ask all the time to be invited to the Duma and be allowed to speak. I spoke to the Supreme Soviet. I spoke to the Duma. I spoke, thank God, to the Federation Council recently — that was last week when the Federation Council managed to find an hour or 40 minutes, and I am very grateful to them for it. As far as I understand, the reaction of the deputies, apart from those who assumed a deep political pose, was very positive, in my opinion. That was very important for me.

What we are talking about here is feedback. They put questions to me that showed that they were not being properly kept informed — about the program, for instance. They see things in it that are just not there. On the other hand, these people are completely unaware of what it actually entails. A simple explanation in reply to a simple question dispels much of these people's concern, because they may think that our interests are being sold through it. When we explain things they calm down.

Ivan Petrovich Rybkin telephoned me this morning to ask if I was ready and I told him that not only was I ready, I was, as always, asking for a chance to speak during the parliamentary hour. But something clearly happened and....

[Svanidze, interrupting] When did it happen? Did you receive a sudden message to say that you were free?

[Kozyrev] Then someone called from Ivan Petrovich and said the Duma Council had decided against giving me the floor.

[Svanidze] At the time of our conversation neither the minister nor myself knew that his appearance was rescheduled for October on the initiative of Konstantin Zatulin and Vladimir Lukin, the heads of Duma Committee for CIS Affairs and Ties with Compatriots and Duma Committee for International Affairs, respectively.

Vladimirovich, you may be aware of the fact that during his speech to the Constitutional Court yesterday, Sergey Adamovich Kovalev referred to a private conversation with you, and to your words to the effect that in Chechnya we had got ourselves into a real mess and that the president himself realized it. In this connection do you not expect some difficulties for yourself, particularly in your contacts with the president?

[Kozyrev] Well, you know, in my contacts with all people it is my habit to make a clear distinction between what is said in private, or confidentially, and what is

said on the record. I appreciate the fact we are having a very nice interview. If, after the interview we stay on to drink a glass of brandy, or maybe get together in the evening, the conversation will be different, the language will be different, the ideas will probably be different as well. As they say, everything in its own time.

[Svanidze] But will your relations with Sergey Adamovich Kovalev be affected by this?

[Kozyrev] Well, we will see.

[Svanidze] Even though Kozyrev has been one of the main targets both for the old Supreme Soviet and for the present State Duma, he has outlasted all the ministers in the cabinet. Doubtless a liberal by instinct, on confidential terms with Sergey Adamovich Kovalev — but also a friend of Pavel Grachev, and moreover, in the past few months mentioned in the press side by side with the power ministers. When Yegor Gaydar opposed Yeltsin because of Chechnya, Kozyrev abruptly left Russia's Choice and has been outside all political movements ever since. His relations with Viktor Chernomyrdin are complicated and he has plenty of ill-wishers both in the beau monde of Russian foreign affairs, and among middle-ranking Foreign Ministry officials, many of whom cannot forgive him his meteoric rise and regard him as an upstart.

Furthermore, many Western diplomats suspect that Kozyrev never consulted Yeltsin before making some of his quite fundamental statements, and was even severely criticized for this by the latter in spring. Nonetheless, it is none other than Boris Yeltsin who still gives Kozyrev his resolute support, which prevents constant rumors about the minister's dismissal from turning into reality. All the best to you.

Shumeyko, Grachev Not To Testify at Chechnya Hearings

LD1707082295 Moscow Radiostantsiya Ekho Moskvy in Russian 0700 GMT 17 Jul 95

[FBIS Translated Text] Today's meeting of the Constitutional Court on the legality of the president's edict and the government's resolutions on commencing military action in Chechnya was delayed by approximately half an hour. The delay was due to procedural matters including the summoning of new witnesses. Our correspondent reports that the court turned down a request by representatives of the Federation Council to summon Vladimir Shumeyko and Pavel Grachev as witnesses. The meeting has now resumed.

Chernomyrdin's Upcoming Schedule Outlined

LD1707112595 Moscow INTERFAX in English 0951 GMT 17 Jul 95

[FBIS Transcribed Text] Moscow, July 17 (INTERFAX) — Russian Prime Minister Viktor Chernomyrdin will submit to the State Duma, the lower house of parliament, Wednesday the government's 1996 draft budget, the prime minister's spokesman Viktor Konnov told INTERFAX. In his speech, Chernomyrdin is also expected to speak in detail about the main guidelines of next year's domestic and foreign policies.

It is expected that on Thursday Chernomyrdin will chair a Cabinet meeting and on the same day leave on a three-day tour to Tyumen and Surgut (Tyumen Region, Siberia). According to sources in the government administration, the prime minister will visit some enterprises of fuel and energy complex and will meet leaders of the industry.

Upon his arrival in Moscow, Chernomyrdin plans on July 23 to take part in the Moscow conference of his movement Our Home Is Russia.

He is to visit Uzbekistan on July 26-27.

According to Konnov, Chernomyrdin will take part Monday in a TV programme in which he will be questioned, via a live link, by journalists of the Tyumen Region. Also on Monday he will hold a meeting with his deputies.

Member of the Russian delegation at the talks in Grozny with Dudayev representatives, Arkadiy Vol'skiy, has told Interfax that later in the day on Monday the prime minister will meet with members of the Russian delegation at the talks. The position of the Russian delegation at the talks and the prospects for a peaceful settlement of the Chechen conflict are expected to be under discussion.

Sources say that it is likely that on Tuesday the prime minister will hold working meetings and devote part of his working day to preparations for his Wednesday speech in the State Duma.

Military, Nuclear & Space Issues

Grachev Urges Yeltsin To Rectify Finance Problems

LD1607171295 Moscow Russian Public Television
First Channel Network in Russian
0730 GMT 16 Jul 95

[Interview with Defense Minister Pavel Grachev by unidentified correspondent; place and date not given; from the "I Serve Russia" program — recorded]

[FBIS Translated Text] [Grachev] In the first half of the financial year the situation is such that for the month of June we were, for the first time this year, unable to finance the personnel of the Army and the Navy. We were able to meet only forty percent of the allowance for servicemen and wages for blue and white-collar workers.

We were practically totally unable to finance the military complex enterprises. Food, fuel, and lubricating materials have been financed to a very small extent.

The president, therefore, as they say, ought to enter the battle now, and with his active efforts we will try to rectify this problem.

Army's Food Supply Said on 'Brink of Disaster'

LD1707134495 Moscow INTERFAX in English
1301 GMT 17 Jul 95

[FBIS Transcribed Text] Moscow, July 17 (INTERFAX) — The food supply of the Russian armed forces is on the brink of disaster, chairman of the State Duma, or lower house, defense committee Sergey Yushenkov (Russia's Choice) told INTERFAX Monday.

By July, the Russian army had "even used its emergency stocks" as the supply of food for both officers and soldiers became a "most grave issue."

The committee held a closed meeting Monday involving representatives of the Defense and Finance Ministries. "To start stocking up with potatoes and vegetables for the winter, the army is asked to immediately pay over 500 billion rubles in advance," Yushenkov said.

According to Yushenkov, the Defense Ministry has used about 1.7 trillion rubles for the military operations in Chechnya, making its budget very restricted.

The committee will recommend the State Duma to ask the government to find means to supply the army with food and prepare a corresponding amendment to the 1995 federal budget.

Government Approves Funding for ITER Project

MM1707084595 Moscow ROSSIYSKAYA GAZETA
in Russian 14 Jul 95 First Edition p 5

[Russian Federation Government directive No. 924-r, signed by V. Chernomyrdin, chairman of the Russian Federation Government; dated Moscow, 1 July 1995 — from the "Document" section]

[FBIS Translated Text] With a view to honoring the Russian Federation's commitments arising from the quadripartite Agreement on the Joint Development of an International Thermonuclear Experimental Reactor [ITER] of 21 July 1992:

1. The Russian Ministry of Atomic Energy's proposal, coordinated with the Russian Ministry of Finance, regarding the allocation of \$1.55 million for the funding of the ITER project, including \$0.95 million for the upkeep of Russian specialists at international project development centers and for Russian experts' short-term assignment abroad and \$0.6 million for the payment of the Russian Federation's annual membership of the Joint Project Fund, is hereby adopted.

2. In 1996 the Russian Ministry of Finance is to allocate to the Russian Ministry of Atomic Energy the federal budget appropriations necessary to honor the Russian Federation's commitments as mentioned in Point 1 of this directive stemming from membership of the ITER project.

[Signed] V. Chernomyrdin, chairman of the Russian Federation Government

[Dated] Moscow, 1 July 1995

RS-18 ICBM Under Conversion Into Space Booster

LD1707083895 Moscow ITAR-TASS in English
0751 GMT 17 Jul 95

[By Anna Bakina]

[FBIS Transcribed Text] Moscow July 17 (ITAR-TASS) — The Russian Khrunichev space enterprise is converting the intercontinental ballistic RS-18 missile into a new space booster which is to be launched from the Russian northern Plesetsk cosmodrome and, possibly, from the missile base in the Far East which is also to become a space launching site.

The "Rokot" craft will use the boosters of the first and second stages of RS-18, Tass was told Monday by a spokesman of the Khrunichev enterprise.

Besides, the "Breeze" booster has been developed which will allow to increase the payload launched to medium

orbits. Its equipment is capable of ensuring high-precision placing of spacecraft into orbit, the necessary orientation of the payload and power supplies to it during a seven-hour long space flight.

The spokesman said the new booster is planned to blast off from the Plesetsk cosmodrome and, possibly, from silos at the Svobodny missile base in the Far East which is to be developed into a space launching site.

So far three successful "Rokot" test launches have been carried out from silos at the Baykonur cosmodrome in Kazakhstan. The latest launch orbited a RADIO-ROSTO satellite for radio amateurs.

Foreign offers of a joint use of the new booster have already been received. Thus, the German Daimler Benz Aerospace company and the Khrunichev enterprise created a joint venture to market the "Rokot" for launching satellites of up to 1.8 tonnes of weight to low orbits. The first commercial launches are expected from the Plesetsk cosmodrome in the end of 1997.

Federal Assembly

Postponement of Kozyrev Duma Speech Detailed

LD1407193395 Moscow INTERFAX in English
1726 GMT 14 Jul 95

[From the "Diplomatic Panorama" feature by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] Moscow, July 14 (INTERFAX) — The State Duma, Russia's lower house of parliament, has put off till autumn a report by Foreign Minister Andrey Kozyrev, originally scheduled for Friday.

Kozyrev, however, was ready to address the Duma on Friday, Valentina Matviyenko, a senior Foreign Ministry official told INTERFAX.

On Wednesday Duma speaker Ivan Rybkin informed the house that, at Duma's demand, Kozyrev had been invited to report on his ministry's performance during the so-called "government hour" at Friday's evening session of the house. On Thursday, however, the majority of leaders of Duma factions proposed deferring the report until the house reconvenes after the summer recess.

"The minister officially confirmed his readiness to speak at the scheduled time and made proper amendments to his schedule," said Matviyenko, head of the ministry department for contacts with the country's regions, parliament and public organizations.

Last week Kozyrev already spoke in the Federation Council, the upper house, she said. "Apparently the lower house deputies are busy with more important

matters and found no time to hear a report by the head of the top foreign policy body of Russia," Matviyenko said ironically.

Another senior Foreign Ministry official said on Friday the postponement was "discourteous, to say the least."

Kozyrev is not only foreign minister but also a deputy of the Duma, where he represents the Murmansk Region, the official stressed in an interview with Interfax.

"Before canceling their decision, the deputies should have thought about the fact that a minister's schedule is very tight and that he is busy every minute of his working day. So, if there was an arrangement for Kozyrev to speak in the State Duma on July 14, (the house) should have stuck to it, if only out of respect for the extreme business of the head of the Ministry of Foreign Affairs of the Russian Federation," the official said.

Moreover, Kozyrev was "carefully preparing" for the address. "Apparently in the autumn he will again have to look for spare time and make amendments to his report," he said.

Duma Deputies Treat Election News 'Positively'

MK1507084295 Moscow SEGODNYA in Russian
15 Jul 95 p 1

[Report by Petr Zhuravlev and Gleb Cherkasov under the "Start" rubric: "Duma Elections Set for 17 December. Lower House Finishes Forming Election Laws"]

[FBIS Translated Text] Boris Yeltsin has set 17 December as the date for the election of deputies to the Sixth (Second) State Duma of Russia. The signing of the corresponding edict was reported yesterday by the Kremlin press service, which had received the decision of the head of state, who is still in the hospital.

Many observers do not think there is anything surprising about the date itself — all election organizers and future rivals did set their beads at the first Sunday after 12 December. The surprising thing is that the edict should appear in July rather than in August. As a matter of fact, the election law says that the president is supposed to announce the voting day "not later" than four months in advance, meaning that it is not against the law that the elections have been called five months in advance. At the same time, this may spoil things for many parties and blocs, something Vyacheslav Nikonov (PRES) [Party of Russian Unity and Accord] cited yesterday.

The deputies generally treated the news positively. Yegor Gaydar said the edict "makes the situation more comprehensible and predictable." As Boris Fedorov put it, "there is now a chance that democracy in Russia

is going to be a reality." "We are happy that the Constitution works," announced Vladimir Zhirinovskiy who hopes the LDPR [Liberal Democratic Party of Russia] faction in the Duma is going to nearly double to have 100 or maybe 150 deputies. Mikhail Lapshin, head of the 50 Agrarians, is also brimming with optimism: "In 1993 we won ourselves a rather firm beachhead, and there are grounds for hoping to broaden it." Speaker Ivan Rybkin thinks the president's edict "will stop the rumor that the elections will not be held."

As of yesterday, parties and blocs can hold conferences and congresses to nominate candidates, send applications to the Central Electoral Commission, and collect the necessary signatures.

Also yesterday, the Duma completed the formation of a legislative base for the elections — a law was passed by the overwhelming majority of votes "On Confirming the Boundaries of One-Mandate Constituencies for the Holding of Elections of State Duma Deputies." Aleksandr Veshnyakov, secretary of the Central Electoral Commission, who presented the draft to the deputies, said that working on it the Central Electoral Commission did everything to make electoral boundaries correspond with federal laws. The drafters of the law were trying in the process to keep the electoral boundaries as they were in 1993 as far as possible.

The established norm of representation (that is to say, the number of citizens whose interests are to be represented in parliament by one deputy) is 466,569 and the figure can vary within a 10 percent band. According to the new setup, Leningrad, Moscow, and Rostov oblasts now have one additional constituency each while Kurgan and Tomsk Oblasts and the Republic of Komi each have one constituency less.

It should be pointed out that the subject of the "disappearance" of 2.3 million legally capable citizens, which a number of mass media had written about, received no serious treatment in yesterday's session. Aleksandr Veshnyakov responded to all the queries that in working out the total number of voters, the Central Electoral Commission was only using reports provided by regional organs of executive power as required by law. Incidentally, according to these reports, Russia now has 104,978,098 citizens who have the right to vote.

Press Law Passed in Election Runup

MK1507054895 Moscow *SEGODNYA* in Russian
14 Jul 95 p 1

[Unattributed report: "The Deputies Have Taken Care of the Intellectual Food of Their Constituents"]

[FBIS Translated Text] Yesterday State Duma deputies adopted the law "On Support for Rayon (City) Newspapers," prepared by the Information Policy and Communications [Svyazi] Committee. In the face of a stormy election campaign, the deputies could not help showing concern about what their potential voters are reading, and voted for the bill in all of its three readings at once.

Single Mandate Constituencies Approved

LD1407190495 Moscow *INTERFAX* in English
1702 GMT 14 Jul 95

[FBIS Transcribed Text] Moscow, July 14 (INTERFAX) — The Russian State Duma (lower house) on Friday approved by 283 votes the list of single mandate constituencies ahead of the December poll. Proceeding from the number of 104,978,098 eligible voters and 225 one mandate constituencies, the rate of representation is set at 466,569 voters.

However, 21 regions having less than this number of voters, will form only one constituency each (the republics of Adygeya, Altay, Ingushetia, Kalmykia and others).

As far as it was possible, the Central Election Commission [CEC] has tried to retain the 1993 list of constituencies, Deputy CEC Head Aleksandr Ivanchenko said.

However, a number of deputies were angry over the redrawing of constituencies they were elected from two years ago and threatened to lodge a protest.

The new law has now been sent for approval by the Federation Council (upper house).

Rybkin Views Elections, Constituency Boundary Law

LD1407210395 Moscow Russian Public Television
First Channel Network in Russian
1700 GMT 14 Jul 95

[From the "Vremya" newscast]

[FBIS Translated Excerpt] [Announcer Tatyana Komarova] The State Duma was also talking about elections today.

[Correspondent Vlada Vishnevskaya] The deputies learned about this during the sitting from their speaker [Ivan Rybkin, chairman of the State Duma]. They

reacted to the edict calmly, without showing any emotions.

[Begin Rybkin recording] This document brings the whole process of electioneering into a regular channel. I would even describe it not as electioneering, but as work in the run-up to elections. A kind of content is setting in, content with work. We are acquiring dynamic stability in motion. [passage omitted]

It is important that today we passed a law that determines the boundaries of constituencies. Thus all the obstacles in the path of the elections have now been removed. This is the most important thing. As to how many election blocs there will be and how they will start their election campaign, this, I believe, is question number — well maybe not five, but let us say number two. [passage omitted] [end recording] [video shows Duma proceedings, deputies strolling in the lobbies; Rybkin interviewed there]

Committee Chairman Lukin on Kozyrev, Estonia

LD1407215395 Budapest Duna TV in Hungarian
1800 GMT 14 Jul 95

[Interview with Vladimir Lukin, chairman of the State Duma Committee for International Affairs, by unidentified correspondent; in Russian with superimposed Hungarian translation; place and date not given; from the "Central European Magazine" program — recorded]

[FBIS Translated Excerpt] [passage omitted] [Correspondent] Has the Duma formulated its consensus position on Russian Foreign Minister Kozyrev's statement? He said that Russia was prepared to defend, even with force of arms, the rights of ethnic Russians living in the former Soviet republics.

[Lukin] No official view has been formulated yet. However, I myself have said before — and it was listened to with considerable interest — that our relations are developing in quite a special way. While Russia is becoming weaker and weaker the number of ministers representing the individual armed services is constantly growing. By having made that particular statement Kozyrev himself has become a minister of this type, one may say.

I condemn such outbursts. My view is that a foreign minister must speak much more gently. Furthermore, Moscow should not threaten to use force. While its actions should be in accordance with the basic principles adhered to by the international community, they should also be much more effective than they currently are. When a country fails to respect minority and human rights, we should make clear to it that several negative ways exist to persuade it to change its mind. An entire system of such means of persuasion exist, including eco-

nomic and other means. These must be used precisely and comprehensively in the defense of minorities.

[Correspondent] What is the committee's view — and your own — about territorial demands? Estonia, for example, claims a territory of 2,000 square km from Russia.

[Lukin] This is a very interesting phenomenon. Our Estonian neighbors have very much disliked Soviet rule — anything Soviet in general. However, they make one exception: The Tartu Treaty. It was signed by Lenin in 1920, in the middle of a civil war, in effect. In other words, the treaty was concluded between parties that were at war and which, in my view, did not represent really legitimate authorities.

[Correspondent] So, in your view, is the Tartu Treaty valid?

[Lukin] I believe that it can be disputed but what is indisputable is that by now several agreements, including the 1975 Helsinki agreement, which declares the inviolability of the existing European borders, have superseded it. [passage omitted]

[Correspondent] Is it conceivable that you will negotiate about Estonia's territorial demands?

[Lukin] We can only talk about mutual agreement in this respect and we will never agree to making territorial concessions. We insist on the Helsinki principle, which rules that the state borders of the former Soviet Union are valid. This applies to the common borders with Ukraine, Tajikistan, and all the other former member republics. [passage omitted] There will be no obstacle if our Estonian colleagues want to settle this issue by referendum. However, in this case, we will remind them that other issues too can be decided by referendum. For example, the fate of the Crimean peninsula, for, after all, uniform norms must prevail with respect to any state. [passage omitted]

Lukin Discusses European Security, NATO, Germany

MK1407121495 Moscow SEGODNYA in Russian
14 Jul 95 p 5

[Interview with Vladimir Lukin, chairman of the State Duma International Affairs Committee, by Dmitry Pogorzelskiy at the Friedrich Ebert Fund in Bonn where Lukin "recently" delivered a lecture for political scientists and politicians; under the "Viewpoints" rubric: "Vladimir Lukin: We Need a Pause for an Active Dialogue"]

[FBIS Translated Text] [Pogorzelskiy] Whoever you may have met with in Bonn over these past two days,

naturally, they turned every conversation to NATO's enlargement and Russia's stance. Virtually all interlocutors tried to convince me that NATO is the sole acceptable foundation of European security, that Russia has nothing to fear with regard to the alliance's expansion.

[Lukin] Had NATO become the foundation of European security, this would have meant that Russia has turned out to be an external element with regard to the all-European system of decisionmaking on crucial matters in which it itself has a vital stake. If they wish, they may invite it to participate in the decisionmaking. If not, they will decide on everything without it, and start seeking its agreement afterward. Russia will be isolated from the process of making the most important decisions — this is the crux of the matter, not that NATO is about to launch a global war.

The dilemma is as follows: whether NATO will become the foundation of the would-be European security system or whether NATO will join it as an important, albeit not load-bearing, component. At the same time crucial, strategic decisions will be made elsewhere, not at the alliance's headquarters.

Yes, on one hand, they do not want to give us access to the process of making crucial decisions. On the other, they realize that unless they do so this will not be European security, but something completely different — not to mention financial problems and the "quashing" of conflicts that NATO will be unable to tackle without Russia, as the Yugoslav experience has shown.

[Pogorzelskiy] In this case, what do you think the "Partnership for Peace" program, over which so much hoopla was raised, can give us?

[Lukin] This is a cunning program. The "16 plus 1" scheme effectively calls for the completion of disrupting partnership relations that still exist between Russia and the countries of the former Soviet Union.

Back when I was ambassador to the United States, I was once invited to the State Department, where they told me about the program. I asked them just one question: Does it provide for collective membership? No, they said, only "16 plus 1." Everything became clear to me. No security relations between Russia and CIS countries will be possible under this scheme.

[Pogorzelskiy] But we have finally joined the program.

[Lukin] I think it a mistake to have joined the program before resolving crucial problems of security in Europe, matters of our relations with NATO and the WEU. They should have been dealt with in parallel.

[Pogorzelskiy] But neither Russia nor the West is able at present to draw up a blueprint of a well-balanced

and, most importantly, reliable security system for a new geopolitical situation. The Russian proposal for subordinating NATO to the OSCE was doomed to failure from the outset, wasn't it?

[Lukin] The OSCE is an ineffective organization and it can hardly change drastically. It is a mandate without force, just as NATO is force without a mandate. Moreover, after the Soviet Union's collapse the OSCE became not just a European organization. I do not think that our idea of upgrading the OSCE to the level of an effective regional organization can succeed. Many European countries would not wish to have joint security interests, say, with Tajikistan.

What is more, they are suspicious of plans to set up a kind of small Security Council. Germany, for instance, lays claim to a United Nations Security Council seat. Undoubtedly, it sees the idea of setting up a small Security Council as an intrigue that puts off realization of its desire to join the UN Security Council.

So, I do not think this proposal to be realistic or effective. Back during the Soviet era the Foreign Ministry put forward proposals — such as complete disarmament by the beginning of next century — for the sake of proposals. Instead, we should have come up with specific, realistic initiatives.

[Pogorzelskiy] What kind, for instance? Particularly so because you yourself said in your Bonn lecture that we are too late, aren't we?

[Lukin] Of course, it is very difficult to devise a security system at so complex a period of time. But I am confident that this is possible. All the more so because we do have a few ideas in that regard. True, this will be difficult because we were too late. The first time during Gorbachev's era, when he launched his initiative of unifying Germany and "giving up" the Warsaw Pact. I do not consider these actions "a disaster" or "high treason," as some people have been shouting here. I criticize these actions because they were not accompanied by accords and agreements on setting up a new European security structure, which was much easier to accomplish at the time than it is now, and because they would have paid a very high price for the unification of Germany — not only and not so much in terms of money.

[Pogorzelskiy] Yes, but an agreement was reached at the time that NATO would not be enlarged.

[Lukin] Quite so, but since it was not laid down anywhere, it stuck up in the air. Recently I spoke with Mikhail Sergeyevich [Gorbachev] on the subject. In response to my criticism he exclaimed: But we did agree!

[Pogorzelskiy] Well, we have been simply betrayed....

[Lukin] On one hand, yes, we have been simply betrayed. But on the other, I repeat, none of the oral accords were given the form of official agreements. Do you remember how the old Doolittle from Bernard Shaw's "Pygmalion," who became a millionaire overnight, was warned: Be careful, you are now entering high society — this is not the gutter, you may well be cheated here.

We were deceived once again when "Partnership for Peace" was launched. We should have said at once: Friends, let us talk about a serious, meaningful security system, not just partnership, which could become its element, however. But we — as is our diplomacy's wont — first agreed, then started wavering back and forth, and finally signed it. Nothing has changed as a result, but we once again remind everybody of a capricious girl at a village party who would put on airs for the sake of appearances, but then give in all the same.

Let us talk about a realistic security system, where the Czech Republic and Poland and Russia would all feel comfortable. Where psychoses — be they Russian, Czech, Polish, or Western — would be cured.

[Pogorzelskiy] As regards our psychoses, everything is more or less clear. But are Western psychoses groundless or not?

[Lukin] An old-standing and deep-rooted Western psychosis is that Russia is a bad and suspicious country. It has always been authoritative, inconvenient. However Russia might change, it "looms over" Europe as an imperial predator all the same. As with any other psychosis, this one also has a basis in fact, but as with any other psychosis, it has been blown out of proportion and turned into a haunting nightmare.

When I take part in Council of Europe meetings, I literally have a physical feeling that certain politicians cannot treat Russia and, say, Latvia or Estonia equally. They cannot live with the thought that Russia may be right on something, while the Baltic states may do something wrong. Such sentiments do exist in Europe. They should be combated because Russia has become a completely different country. On the whole, the Western psychosis is detached from reality and should be cured.

[Pogorzelskiy] Certain politicians exploit this so as not to let Russia come to the "big table," while on the other hand they realize that crucial security problems cannot be solved without it.

[Lukin] No one wants to share one's uranium, oil, or decisionmaking quotas. Germany, a loser in the war, is now involved in the decisionmaking system on crucial

matters. Russia, which has voluntarily given up all its positions — including those it might have had to give up, but, maybe, not so fast and not so unconditionally — has found itself to be detached from this system.

[Pogorzelskiy] You noted in one of your discussions that the Germans are inclined to pay more attention to Polish psychoses than to Russian ones.

[Lukin] The Polish psychosis is as follows: Be it good or bad for Poland, this is unimportant; what matters is that this should be bad for Russia. If Poland joins NATO, this would be fairly strange — it would find itself in the same organization with a country that would be given a free hand, particularly, with regard to the Polish defense sector. Many Poles, when ritual eulogies to NATO die down, privately express very serious fears with regard to certain trends in German political circles.

As for me, however, I think that Germany has gone through many things, has learned many things, and there should be no fear about its, let us say, democratic foundation.

But there are other trends as well. Yes, there are many convinced pro-Europe politicians there. But there are also many pro-Europe activists of convenience. And there are also some superficial pro-Europe activists, with pan-Germanism lurking behind them. This accounts for the stepping up of Germany's Ostpolitik, and also for its policy with regard to Croatia, Bosnia, and Herzegovina.

As a matter of fact, I think the decision by the Kohl cabinet, which was later upheld by the Bundestag, to send a military contingent and "Tornado" aircraft to Bosnia and Herzegovina to be a mistake. The Germans should have been tactful enough not to do so: People in the former Yugoslavia still have the Wehrmacht's atrocities fresh in their memory. They should have continued sending in humanitarian, financial, and medical assistance.

[Pogorzelskiy] This may be true, but the allies did their utmost to prod the Germans to make precisely this decision.

[Lukin] It is the wrong approach to make people overcome their inner moral restrictions. This will do no good. The only thing on which one should concentrate in the former Yugoslavia is a ceasefire; it is essential to start talks — lengthy, difficult, but talks nevertheless.

[Pogorzelskiy] The Germans, too, appear to have had a psychosis in the post-war era. Will Germany be able to become a normal country, to overcome its past, and to draw the requisite conclusions? Had they been constantly reminded of that and reproached for World War II, this would have achieved a diametrically opposed effect, wouldn't it?

[Lukin] I do not think anyone can reproach the Germans, nor should one. But their own brake system should be in order. For instance, if a situation emerged where we would have to introduce peacekeeping troops in Czechoslovakia, I would strongly recommend to avoid doing so under any pretext — given our intervention in 1968.

All in good time; people who remember German actions in Yugoslavia are still alive. The Germans still may not engaged in peacekeeping operations in regions they occupied during World War II.

Yes, Germany is a completely different country after unification. And, generally speaking, the shape of Europe at the end of this century and the beginning of next century will depend on two factors — the democratization of Russia and the Europeanization of Germany. For this reason a bilateral dialogue on this subject at all levels — at the top, diplomatic, parliamentary levels, and between peoples is imperative.

[Pogorzelskiy] So far the dialogue is clearly insufficient, however. At any rate, at the parliamentary level it is just beginning. I know that this idea emerged precisely during your stay in Germany.

[Lukin] Yes, and the idea is to arrange Russian-German parliamentary meetings to be attended by the major political currents in our Duma and the major parties represented in the German Bundestag.

The exchange of views could be boiled down to three subjects: Germany; the German public-political scene; and, finally, European security problems, and the role of our two countries in them. And, objectively speaking, this is a most important role. At the same time, I am far from underestimating the importance of other countries. But one should speak first with Russia, and only then with the Czech Republic or Poland, simply because security problems cannot be resolved without it.

For this reason the Germans should not follow the worst examples of U.S. policy and roam somewhere between Alma-Ata [Almaty] and Tashkent in an attempt to solve problems of the post-Soviet space without us. We'd better agree on consistent steps so as to set up a security system. Until NATO, whose European centerpiece is Germany, and the CIS countries, whose center is Russia, agree on the fundamental bricks of this system — without this any ideas regarding the alliance's enlargement by admitting East Europe will make no sense.

[Pogorzelskiy] Advocates of enlargement both in the East and in the West talk about the threat posed by a vacuum of power that has emerged in Central and East Europe.

[Lukin] The widespread idea to the effect that there is a vacuum of power in the space between Germany and Russia is incorrect. It could have been correct, had someone really believed that these states are under threat and someone wants to swallow them — either Germany or Russia. But neither country is going to do so. Yes, Germany is strong economically and it will have influence on these countries. But I am far from thinking that Germany is cherishing plans of taking these countries over by military-political means. Russia does not want to do so either, and is unable to for that matter. Various political clowns who spit at the West, dash to the South, and yield to a call of nature in the East are just the "fringes" of our politics that will soon be worn out.

And if there is no vacuum, then we have time to think this over quietly and carefully to use a pause that is simply indispensable in order to grasp what the situation is now and, maybe, how it will look in the future.

[Pogorzelskiy] What should this pause be filled with specifically?

[Lukin] First of all, we should stop saying that NATO is beginning to enlarge. As far as I understand it, an agreement was reached during the latest meeting between Yeltsin and Clinton on freezing this matter until the end of the year. But a freeze should be negotiated for an indefinite period of time, for any tightly kept deadlines smack of a ultimatum.

Second. If I were in the West's place, I would have completely excluded from my political vocabulary a thesis I consider as bordering on a provocation, namely, that Russia does not have the right of veto on matters of NATO's enlargement. This is correct in legal terms, yes. But politically this makes no sense at all, because these matters cannot be resolved without Russia. I say a provocation, because Russia is being told: We are going to solve problems of European security without you. Naturally, this prompts Russia to answer: If you do not want to include us in a dialogue that is vital to us, we will respond in kind and start taking care of our own security without heeding your interests. And this is precisely what our "political fringes" are urging us to do.

On our side, we should stop saying in response: Since you are so bad, we will not ratify one or two or three treaties, we will continue riding in tanks and armored personnel vehicles on our territory wherever we like.

The next stage should include a drastic stepping up of a dialogue on outlining a mutually acceptable security framework. We should create the NATO-Russia intellectual field. This dialogue may include many countries,

but I would start with mobilizing the main intellectual potentials of Russia, Germany, and a number of East European countries. Given that a multilateral dialogue would immediately be politicized, I suggest that we start with a bilateral German-Russian dialogue. We should bring together the brightest scientific-research personnel and try to paint the spectrum, list problems and priorities, and set a tentative speed of movement. And then to put the proposals thus drawn up to a wider discussion...

[Pogorzelskiy] Sounds perfectly fine, but I already hear a shout from Warsaw: There you go, trying once again to carve up Europe without us and over our head.

[Lukin] Precisely for this reason this should be an intellectual, not a political dialogue. And instead of shouting, one had better look at the document that would be borne out of the exchange of views and jointly start improving it. The Poles have many cool-headed, good specialists; some of them could be invited.

Subsequently, the level of this dialogue will have to be raised. I think that at a certain stage parliamentarians will also be able to join the consideration of the project. So, there are many ideas, but we should avoid publicizing them too much at this stage.

[Pogorzelskiy] How do you see the U.S. role in the dialogue?

[Lukin] This should be the most active role. I think it would be unrealistic and disadvantageous for Russia to pretend that we want to keep America away from European affairs. In the long run, the presence of the American military-political factor in Europe is advantageous for Russia and serves its interests in terms of creating an acceptable balance of forces and interests. As a matter of fact, the Germans are not yet ready either to see the Americans leave Europe for good. We will assign a very important, constructive, and independent role not just to Germany, but to a Germany that is turning European, which would correspond not only to its own, but also to our interests and the interests of its East European neighbors. And that in a Europe from the Atlantic to the Urals, not to the Bug.

For this reason Russia is very important for Germany, if it really counts on Europe in the broad sense of this word historically, strategically, and generally in terms of civilization. Otherwise Russia would once again seek military allies, not economically integrated partners. This would be a bad scenario for the beginning of the next millennium. A dialogue should be started as soon as possible and pursued in a serious, major way.

New Procedure for Examining Federal Budget Outlined

MM1707090095 Moscow ROSSIYSKIYE VESTI in Russian 14 Jul 95 p 1

[Report by Olga Buraleva: "There Will Be Fewer Readings But Will There Be More Money? The State Duma Has Adopted a Law on the Procedure for Examining the 1996 State Budget"]

[FBIS Translated Text] This year the country's budget will have three readings instead of four, as in the past. The deputies have decided that the Russian Federation Government should present the State Duma with a draft of the appropriate law before 1 August together with the preliminary figures for the Russian Federation's socioeconomic development during 1995, a forecast of the country's socioeconomic development for 1996, amendments and additions to Russian Federation tax legislation, and so on.

In addition, the Central Bank of the Russian Federation should before 15 September present the State Duma with a draft of the main tenets of monetary policy for 1996 agreed with the government. The first reading of the draft law should take place not later than 10 October 1995.

When examining the draft Federal Law on the 1996 Budget, the State Duma will discuss at its first reading the main features of the forecast of the Russian Federation's socioeconomic development for 1996 and approve amendments and additions to tax legislation. At the budget's second reading it is planned to approve appropriations relating to its articles, sections, and federal programs. At its third reading the draft budget will be put to a vote for adoption in its entirety. The Russian Federation Government must present for the scrutiny and approval of the State Duma a draft quarterly distribution of income and expenditure within a month of the law "On the 1996 Federal Budget" coming into force. In accordance with the new law, the Russian Federation Government must present the Duma with monthly information on progress in implementing the 1996 federal budget and with a quarterly report on its implementation.

Duma Urges Providing 'Urgent' Aid to Abkhazia

LD1407203395 Moscow INTERFAX in English 1806 GMT 14 Jul 95

[FBIS Transcribed Text] Moscow, July 14 (INTERFAX) — The Russian State Duma today unanimously adopted a resolution obliging the Russian government to provide urgent humanitarian aid flood-ravaged Abkhazia.

The State Duma returned to discussing the issue at its evening sitting on the request of deputy Yuriy Kalmykov. He said that after the draft resolution and declaration on the problem were rejected by the State Duma this morning, the group of Duma deputies which had drafted the documents had amended them taking the criticism into consideration. In particular, the declaration no longer contains the provision on opening a Russian consulate in Sukhumi as proposed by the Russian Foreign Ministry.

The State Duma recommended that the government take measures for restoring air communication between Russia and Sukhumi, the Abkhaz capital, and considered it reasonable for the Russian Central Bank to open a branch in Abkhazia for paying pensions to Second World War veterans and the disabled, retired servicemen and those who worked in the far north regions.

The Russian government was also proposed to remove the present restrictions on transportation of humanitarian cargoes via the Russian-Abkhaz border. The Finance Ministry was recommended to immediately finance the activity of the Russian Federal Border Guard Service for equipping a border guard post on the border with Abkhazia.

Duma Rejects Resolution on Stand in Georgian Conflict

LD1407150595 Moscow INTERFAX in English
1317 GMT 14 Jul 95

[FBIS Transcribed Text] Moscow, July 14 (INTERFAX) — The State Duma, the lower house of the Russian parliament, rejected Friday the draft resolution on the attitude towards appeals made by the Abkhazian and South Ossetian nations and on Russia's further role in settling their conflict with Georgia, which was proposed by Chairman of the Committee for CIS Matters Konstantin Zatulin, reports an INTERFAX correspondent.

Zatulin twice insisted on putting this document to the vote, but there were not enough votes to approve it. For the second time, 216 deputies voted in favor of the resolution (with 32 against and three abstentions (226 votes is the necessary quorum to take the decision)).

The draft resolution proposed that the Russian government offer emergency relief aid due to the natural disaster in Abkhazia, restore air communication with its capital, Sukhumi, cancel the current restrictions on the border with Russia and open the Russian consulate in Sukhumi.

Zatulin also insisted on the adoption of the Duma declaration on the issue. The draft resolution says: "Duma deputies do not consider it possible to add

economic and political pressure on Abkhazia and South Ossetia to come to accord with Georgia on the latter's conditions."

On April 16 the assembly of the Abkhazian people and on June 7 the South Ossetian parliament voted in favor of joining the Russian Federation.

Duma Adopts Draft Decree on Fighting Corruption

LD1407210795 Moscow INTERFAX in English
1806 GMT 14 Jul 95

[FBIS Transcribed Text] Moscow, July 14 (INTERFAX) — On Friday Russia's State Duma unanimously adopted a draft decree "On Fighting Corruption" in its first reading and necessary changes to the Criminal Code and Criminal-Procedural Code of the Russian Federation.

The draft decree, in particular, proposes all people "claiming to fulfill state or similar functions" annually present data on incomes (both private ones and the incomes of his family members), on personal and real property amounting to more than 200 minimum wages to the tax inspectorate. The draft decree proposes all people present data on deposits in banks and on securities, outside Russia as well, with enumeration of banks and numbers of banking accounts, on their participation as shareholders or owners of off-shore and other companies and funds mentioning the percentage of their property.

Non-presented or incomplete presentation of data is a basis for a refusal to grant appropriate authorities to this person.

Reception of not only monetary benefits, gifts and services but also acceptance of invitation to inter-state and foreign tourist, curing and other trips at the expense of foreign and Russian individuals and legal entities are qualified as "corruption violations."

State Duma Finalizes Vetoes Law on Defense Order

LD1407145995 Moscow INTERFAX in English
1317 GMT 14 Jul 95

[FBIS Transcribed Text] Moscow, July 14 (INTERFAX) — The State Duma, the lower house of the Russian parliament, has passed another version of the law on the state defense order, amended in accordance with remarks made by Russian President Boris Yeltsin.

In particular, the document includes a provision under which a state defense order is approved only after the federal budget is adopted. The government will submit it to parliament within a month after the budget is adopted.

The law defined the state defense order as a "major kind of federal state requirement." It will include a list and amount of goods due to be delivered, description of work, estimated value (price) of the order on the whole and by parts and stages as well as a panel of state contractors.

The State Duma also passed a resolution on the critical situation in the defense industry.

Duma Passes Code Restricting Private Land Ownership

*MK1507124495 Moscow SEGODNYA in Russian
15 Jul 95 p 2*

[Report by Svetlana Lolayeva under the "Breakthrough" rubric: "Lower Chamber Recognizes Russia as a Great Farming Power. Land Code Passed In Seventh Attempt"]

[FBIS Translated Text] Lengthy persistence tends to succeed. Yesterday, the State Duma finally passed in the first reading the Russian Federation Land Code. The Code, which had been drawn up by the Committee on Agrarian Matters, has already been considered by the State Duma three times — once in March and twice in June, but fell through owing to the uncompromising stance adopted by the communists and the "Russia's Choice" faction. Yesterday, it took the deputies three rounds to approve the Land Code: The first time it fell short by three votes; the second time, four votes; and only on the third attempt did the Agrarians finally break their colleagues' resistance and garner 230 votes. "Russia's Choice," which stands for the unrestricted freedom to sell and buy land, did not change its stance: This time, again, the entire faction voted against the bill. But it is the communists who surprisingly gave way in the end — a significant portion of the Russian Federation Communist Party faction voted for the code, although the draft retained the principle of private ownership of land, so much hated by the followers of Marxist teaching. A representative of the faction who voted against the bill, however, told your SEGODNYA correspondent that this deviation from the party's program line occurred because Gennadiy Zyuganov, leader of the Communist Party, was absent from the meeting. When asked how he managed to talk the communists into backing the bill, Mikhail Lapshin, head of the Agrarian Party, said he does not interfere in other factions' internal affairs. In his view, the adoption of the code — even if on the seventh attempt — is attributable to the fact that most deputies have realized that "Russia was, is, and will be a great farming power."

Under the Land Code, land in the great farming power may be under state, municipal, and private ownership.

However, agricultural land owned by reorganized collective farms or state-run farms or land in farmer's life-long inheritable possession may not be sold. Nor may such agricultural lands be subleased (except for a period of up to 5 years in specially defined cases) or used as collateral. When a plot of land is transferred from one farming household to another, it is strictly stipulated that the land must be used for this particular purpose (that is, farming to create agricultural produce) for a period of 20 years, otherwise the plot of land can be confiscated.

City dwellers may privately own plots of land for the purpose of gardening, growing vegetables, and building summer houses or garages. These land possessions may be sold, while all matters relating to giving such lands as a gift, using them as security, or inheriting them will be regulated by a special procedure. The agrarians also made a small concession with regard to municipal lands. The code sets forth that before a special law is passed, land in major cities may only be leased, not sold, to individuals and legal entities. According to Mikhail Lapshin, when such a law comes under discussion, the Agrarians will be ready to heed the views of city dwellers, just as they paid heed to rural residents' views when the Land Code was considered. The dwellers of small towns turned out to be in a privileged position: They are entitled to privately own plots of land for individual housing, garages, and so forth.

Inspired by the successful adoption of the Land Code, the leader of the Agrarians said that they still have plenty of work in store — it is necessary to pass a whole range of bills to further this fundamental document, and he expressed the hope that his faction will be much larger in the next Duma. Well, there is no denying it, 50 people are sometimes not enough to engage effectively in agrarian lobbying.

Duma Calls For Commission on Radio Broadcasting

*LD1407202995 Moscow ITAR-TASS World Service
in Russian 1351 GMT 14 Jul 95*

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Translated Text] Moscow, 14 Jul (ITAR-TASS) — The State Duma adopted a resolution today calling on the president and government to set up a special commission to reform federal radio broadcasting. This commission should, in the chamber's view, examine the expediency of organizing on the basis of the Ostankino radio broadcasting complex an independent radio broadcasting company made up of the Mayak, Radio-1, Yunost, and Orfey editorial offices.

The Russian Government is instructed to allocate special targeted funds to finance radio broadcasting companies

when implementing the law on the 1995 federal budget. The resolution also contains an instruction for the Cabinet of Ministers to provide for allocation of funds to finance the aforementioned radio broadcasting company in the law on the 1996 federal budget.

Federation Council Urges Rejection of START II

LD1707091795 *Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 17 Jul 95*

[FBIS Translated Text] The Federation Council will soon be submitting to the State Duma its proposals for abolishing strategic weapons. The senators are recommending that START II should not be ratified.

[Correspondent Yevgeniya Novikova] Experts from the Federation Council's Committee for International Relations are convinced that the START II treaty does not treat Russia and the United States equally. The document was signed by the two countries at the beginning of January 1993. The Russian president rejected the idea that it would weaken Russia's military and strategic parity. Experts in the Federation Council say the treaty does not allow equal military security, or equal access to the arms market. Neither the United States nor Russia can guarantee ecological safety when weapons are being destroyed. The experts say that fulfilling the treaty would cost Russia \$250 billion, a third of the country's gross national product in 1994. Nobody would allocate a sum like this and START II should be changed, the experts say.

Zatulin Criticizes Shumeyko for Abkhazia Remarks

LD1407123195 *Moscow ITAR-TASS in English 1219 GMT 14 Jul 95*

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow, July 14 (ITAR-TASS) — Konstantin Zatulin has described Vladimir Shumeyko's statements, made in Georgia on Thursday, as "an insult to the Abkhazian leaders." According to mass media reports, the Chairman of the Federation Council said that the damage, inflicted by Vladislav Ardzinba on Abkhazia, is as irreparable as the one, inflicted by Dzhokhar Dudayev on Chechnya.

The Chairman of the State Duma Committee for the CIS Affairs and Ties with Compatriots said at the Duma session today that Shumeyko had assumed a "one-sided stand" on the Georgian-Abkhazian conflict. In the opinion of Zatulin, this will have a far from positive impact on the life of tens of thousands of ethnic Russians in Abkhazia.

A State Duma delegation, led by Zatulin, visited Abkhazia recently, where they had meetings with leaders of

the republic and with the population, including ethnic Russians living there.

Council Decrees Removal of Kuznetsov, Yegorov

MM1707085895 *Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 First Edition p 6*

[Unattributed report: "At the Federation Council;" from the "Document" section]

[FBIS Translated Text] The Federation Council has issued a decree consenting to the removal of Yevgeniy Semenovich Kuznetsov from the post of head of the Stavropol Kray Administration at his request and the removal of Nikolay Dmitriyevich Yegorov from the post of deputy chairman of the Russian Federation Government and Russian Federation minister for nationalities affairs and regional policy at his request.

At the same time the Federation Council drew the Russian president's attention to the fact that Federation Council Deputies Ye.S. Kuznetsov and N.D. Yegorov have been removed in breach of Article 24 of the Federal Law "On the Status of Federation Council Deputy and the Status of Russian Federation Federal Assembly State Duma Deputy." The president has also been asked to agree to the election of head of the Stavropol Kray Administration being held at the same time as the elections of State Duma deputies.

Federation Council Approves PRC Border, OECD Laws

MM1707084995 *Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 First Edition p 6*

[Unattributed report: "At the Federation Council;" from the "Document" section]

[FBIS Translated Text] The Federation Council has issued a decree approving the federal laws "On the Ratification of the Agreement Between the Russian Federation and the PRC on the Western Sector of the Sino-Russian State Border" and "On the Ratification of the Agreement Between the Russian Federation Government and the OECD on the Organization's Privileges and Immunities in the Russian Federation," adopted by the State Duma.

Federation Council Decrees To Promote Food Security

MM1707085195 Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 First Edition p 5

[Unattributed report: "At the Federation Council: On Ensuring the Russian Federation's Food Security;" from the "Document" section]

[FBIS Translated Text] According to a decree adopted by the Federation Council, over the last five years, and as a result of a profoundly erroneous agrarian policy within the agro-industrial complex, the material and technical base of agriculture and sectors serving it has been rapidly destroyed, agricultural production has fallen, and the Russian population's food consumption has dramatically declined.

In 1995 real funding of the agro-industrial complex has been cut by a factor of 1.5 compared with last year and by a factor of eight compared with 1990. The economically unwarranted and ever-increasing import of food and the renunciation of the use of national agricultural produce directly promote the collapse of the agro-industrial complex and ultimately undermine the state's food security.

In this connection the Federation Council has issued a decree asking the State Duma to examine the submitted draft federal law "On the State Regulation of Agro-Industrial Production" on a priority basis. At the same time the Russian Federation Government has been asked to examine and ratify by 1 August 1995 the draft program for the stabilization and development of the agro-industrial complex in 1996-2000 approved by the Federation Council, and to take the requisite steps to speed up the implementation of the aforesaid program. The government has also been asked to ensure that this year the federal fund procures all agricultural commodity produce from national producers in accordance with the concluded contracts, allocating the requisite financial resources to this end, to exercise constant supervision of food procurement levels and the quality of imported food, and to take steps to stimulate imports of machinery, equipment, and technologies for the agro-industrial complex.

The Federation Council has asked the government to prepare a draft federal law on ensuring the food security of the Russian Federation and submit it to the State Duma in October 1995.

The decree also speaks of the need for the government and the Central Bank of Russia to take exhaustive steps to ensure that the 1995 harvest is brought in promptly, to fund the associated work, and to prepare for and carry out the fall sowing campaign. The

Ministry of Agriculture and Food has been asked to examine the question of creating a federal corporation for the production, processing, and sale of sheep farming output.

The Federation Council has adopted a decree on the implementation of the federal law "On Procurements and Deliveries of Agricultural Produce, Raw Materials, and Food for State Needs" and has submitted a number of proposals.

The government has specifically been asked to ensure in the third quarter of 1995 the full repayment of budgetary loans and interest payable thereon to lenders in 1993 and 1994; to immediately channel these financial resources into the formation of a federal stock of agricultural produce, raw materials, and food; to find an opportunity to allocate an additional sum of at least 2.5 trillion rubles in extrabudgetary funds to pay the advance to agricultural commodity producers stipulated in the contracts that have been concluded and for the procurement of agricultural produce and food for commodity interventions on the Russian Federation food market, and so on.

Regional Affairs**Reportage on Peace Talks in Grozny 14-17 Jul****Document Signing Said Far Off**

LD1407194195 Moscow Radio Rossii Network in Russian 1800 GMT 14 Jul 95

[FBIS Translated Text] The Chechen delegation were unable during the course of the day on Friday to return to the negotiating table. Over the past two days, they have had to travel over 500 km along the roads of Chechnya to meet field commanders and discuss with them the draft document on a set of political issues that are being drawn up at the negotiating table. At about 2100 on Friday the delegation of Dudayev's representatives returned to Grozny. Our correspondent Ilya Kopelevich managed to meet some members of the delegation. Here is his telephoned report.

[Kopelevich] Usman Imayev, the head of the Chechen delegation, said that as a whole the field commanders had approved their work at the talks. Most of the commanders want peace, delegation member Akhmad Zakayev said. However, Imayev and Zakayev think that the signing of a final document is a long way off. Zakayev said that the draft agreement that was printed by the Russian delegation's office is a rough outline. He emphasized that adjustments will have to be made to it. The field commanders are demanding guarantees that the Russian side will carry out its commitments in respect of the set of military issues. In addition,

Usman Imayev also said that, while leaving the status of Chechnya very indeterminate, Russia must give a guarantee that it will never wage war against Chechnya or otherwise such a war should automatically make Chechnya the subject of international law.

Imayev regards Arkadiy Volskiy's claim that there is no third option and that it is either peace or war as an ultimatum implying either peace on Moscow's terms or else war. Imayev noted that the sides should proceed on the basis that there is no alternative to peace, as was said at the very outset of the negotiations.

Therefore, it is difficult to expect the signing of the final document on Saturday. It is evident that the talks will go on for a minimum of several days more. What is more, Zakayev says it is quite possible that it could take a whole month before the final document is signed.

Spokesman: Accord Reached on 'Key Issues'

LD1507094395 Moscow *ITAR-TASS World Service*
in Russian 0653 GMT 15 Jul 95

[By Oleg Artyushin]

[FBIS Translated Text] Groznyy, 15 Jul (ITAR-TASS) — The talks on a peaceful settlement of the crisis in the Chechen Republic resumed today at 1010 Moscow time at the OSCE mission in Groznyy. Usman Imayev, the head of Dudayev's delegation, had gone earlier to the mountain districts of Chechnya for consultations with Dudayev's field commanders.

Before the start of the talks, Vyacheslav Mikhaylov, the head of the Russian government delegation, told the *ITAR-TASS* correspondent that he does not know what the results of these consultations were, but expressed the hope that today's talks would be constructive. Mikhaylov said: "The positions of the sides on key issues have been agreed upon," including on the issue of the status of Chechnya."

The head of the delegation stressed that it has been agreed that the special features of the status of the Chechen Republic "will be defined on the basis of the Constitution of the Russian Federation and the new Constitution of the Chechen Republic. The agreement between the federal bodies of power and the bodies of power of the Chechen Republic, which defines the special features of this status, will be binding," Mikhaylov added. If on the other hand the field commanders do not support Usman Imayev, then this, according to him, would mean "deadlock in the talks and a step backwards."

Mikhaylov, nevertheless, hopes that a final document will be signed within the next two days.

Chechens Dissatisfied With Agreement

LD1507165395 Moscow *INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY* in Russian
1615 GMT 15 Jul 95

[FBIS Translated Text] An "Ekho Moskvyy" correspondent has reported from Groznyy that the negotiations have been interrupted and are to be resumed on 16 July.

The Chechen side is dissatisfied with Point 19 of the joint agreement, which describes the delimitation of powers between Russian and the Chechen Republic, Akhmed Zakayev, member of the Chechen delegation said.

Chechen Delegate Imayev 'Seriously Ill'

LD1607081695 Moscow *ITAR-TASS World Service*
in Russian 0730 GMT 16 Jul 95

[By Oleg Artyushin]

[FBIS Translated Text] Groznyy, 16 July (ITAR-TASS) — Today's talks in Groznyy on a settlement in Chechnya may not take place — Usman Imayev, the head of Dudayev's delegation, is seriously ill. He is now in a building next to the OSCE mission which is usually used by those participating in the talks on Dudayev's side. At 1100 Moscow time [0700 GMT], a doctor from the Groznyy city hospital, who had examined Usman Imayev, emerged from the hotel building. To a question about a diagnosis the doctor declined to make any comment, merely saying that "Usman Imayev is seriously ill."

In the circles of Dudayev's delegation, people regard talks without Usman Imayev's participation as unrealistic. This was confirmed in a conversation with the *ITAR-TASS* correspondent by the chief bodyguard of the leader of Dudayev's delegation.

Chechens Have 'Compromise Option'

LD1607100795 Moscow *ITAR-TASS World Service*
in Russian 0925 GMT 16 Jul 95

[By Oleg Artyushin]

[FBIS Translated Excerpt] Groznyy, 16 Jul (ITAR-TASS) — Talks on a peaceful settlement to the crisis in Chechnya resumed today after a delay of more than three hours in the OSCE building in Groznyy without Usman Imayev, leader of Dudayev's delegation. This was reported by Lieutenant General Vladimir Shumov, minister of internal affairs of the Chechen republic, when he emerged from the building of the OSCE mission. [passage omitted]

Usman Imayev is now in a building next to the OSCE mission, which is generally used by Dudayev's

delegation. Before the talks started, Usman Imayev was visited by Vyacheslav Mikhaylov, leader of the Russian Federation delegation, who was looking very concerned.

After consultations between the Russian Federation delegation and Akhmad Zakayev and Aslan Maskhadov — members of Dudayev's delegation — the talks continued without Usman Imayev's participation.

The full complement of the Russian Federation delegation is at work today. Arkadiy Volskiy, who missed yesterday's session because of illness, is taking part in the talks; although, he has not yet fully recovered.

Members of the Russian delegation are expressing cautious optimism about today's talks; although, they are avoiding making any predictions about a specific date for their completion or the adoption of a final document.

Akhmad Zakayev, member of Dudayev's delegation and former minister of culture in Dudayev's government who is now a field commander, said the Chechen delegation today had "a compromise option that ought to suit the Russian side." [passage omitted]

Talks Take Three-Day 'Technical Recess'

LD1607110495 Moscow ITAR-TASS World Service
in Russian 1041 GMT 16 Jul 95

[By Oleg Artyushin]

[FBIS Translated Text] Groznyy, 16 Jul (ITAR-TASS) — A three-day technical recess, until 19 July, was announced today at the Groznyy talks on achieving a peaceful settlement. Journalists were informed of this at 1430 Moscow time [1030 GMT] at the OSCE mission building by Aslan Maskhadov, a representative of Dudayev's delegation, who was speaking on behalf of those participating in the talks.

"The significance of the break is," he said, "that the sides have come to the point of deciding the most fundamental issues and need to consult."

At about 1630 Moscow time, the Russian governmental delegation is to leave Groznyy for Moscow.

Break Due to Imayev's Illness

LD1607200795 Moscow ITAR-TASS World Service
in Russian 1928 GMT 16 Jul 95

[By Andrey Shtorkh]

[FBIS Translated Text] Moscow, 16 Jun (ITAR-TASS) — The technical break in the talks in Groznyy is due to the illness of Usman Imayev and not to some thorny issues that require consultations. Vyacheslav Mikhaylov, nationalities and regional policy minister

of the Russian Federation, informed the ITAR-TASS correspondent of this in an exclusive interview upon his return to Moscow this evening. "The parties had intended to spend the whole of today and, if necessary, tomorrow and the following days working," he said. At the same time, the parties were, he said, close to a final agreement on the text of the document, and it could be signed in two to three days' time if circumstances were favorable.

"Usman Imayev, head of the Chechen delegation at the negotiations in Groznyy, is down with a viral infection. He has a temperature of about 40 degrees. When I visited him this afternoon he felt bad," Mikhaylov said. According to him, Usman Imayev's unexpected illness had, in all probability, arisen as a result of the "acute overworking" of the former Chechen prosecutor general.

"Both the Russian delegation and Dudayev's spokesmen considered it impractical to conduct negotiations in the absence of Usman Imayev," the Russian minister emphasized.

'Main Provisions' for Peace Decided

LD1607213095 Moscow ITAR-TASS World Service
in Russian 2035 GMT 16 Jul 95

[By Andrey Shtorkh]

[FBIS Translated Text] Moscow, 17 Jul (ITAR-TASS) — "The Russian side has no reasons to doubt that Usman Imayev and the delegation he leads are sincere in their intentions to find a way toward peace in Chechnya." This was said in an exclusive interview to ITAR-TASS on the evening of 16 July by Vyacheslav Mikhaylov, head of the Russian delegations at the peace talks and minister of nationalities affairs and regional policy, who returned to Moscow from Groznyy.

He said "the main provisions of the future peace agreement have already been agreed and it could be signed in the next two to three days." Mikhaylov said that in all likelihood "a number of provisions of the document will have to be explained in additional protocols to the agreement, designed to expound on the machinery for their implementation." This concerns, in particular, the future state structures of the Chechen Republic and the place and role in those structures of the territorial directorate of the federal executive bodies and the Russian president's representative.

Touching on the key issue of the talks — Chechnya's future status — Mikhaylov said that "none of us can take responsibility and identify this status clearly because this right belongs to only those who will be elected by the Chechen people themselves at the elections due in November." At the same time, the Russian minister

remarked that "Chechnya must have a special status that will not contradict two conditions: the integrity of the Russian Federation and the principle of self-determination." Joined together these two conditions will become a basis for finding a compromise solution, Mikhaylov stressed. He recalled that, according to Article 66 of the Russian Constitution, Chechnya's status must be determined by the Russian Constitution and the constitution of Chechnya itself. However, the current constitution of the Chechen Republic (Ichkeria) "has not been recognized by anybody and is therefore not valid."

Commenting on the Constitutional Court hearings, which are due to reopen on 17 July, on whether or not Russian presidential decrees and Russian Government decisions on Chechnya agree with the basic law, Mikhaylov remarked that "both we and Dudayev's representatives are trying to conclude an agreement on the results of the talks in Grozny before the Constitutional Court takes any decision."

Speaking about the plans of the Russian delegation that he leads, Mikhaylov emphasized that "the talks will restart without fail in three days, after the end of the technical recess." In the intervening period the members of the delegation hope to have a meeting with Russian Prime Minister Viktor Chernomyrdin and inform him about the progress of the talks. At the same time, Mikhaylov believes that a meeting between the delegation and Boris Yeltsin, who is undergoing treatment at the capital's Central Clinical Hospital, is unlikely. "There is probably no need for this because our position has already been agreed in detail with the head of state," the minister noted. Moreover, he emphasized that "there was no need for the Russian side to consult the country's leadership. Had it not been for Usman Imaev's illness, the talks would have continued."

Volskiy Comments on Split in Dudayev Ranks

MM1407153295 *Moscow IZVESTIYA in Russian*
15 Jul 95 p 2

[By Igor Rotar: "Basayevites Versus Dudayevites"]

[FBIS Translated Text] Grozny — The present leaders of Dudayev's delegation to the talks in Grozny are already openly being called traitors in many detachments of the resistance forces. "They could simply drop us," Usman Imaev, head of the Dudayev delegation, complained.

The ferment among the "mojahedin" is perceptible even outside the OSCE building in Grozny where the talks are being held. This place has become a kind of information center for the gunmen, who come from the most remote guerrilla bases to get fresh information.

These people's mood is unequivocal: "We will fight until Russia withdraws its troops and recognizes our independence."

One can only imagine how these people will react when they finally realize that the present talks have, in effect, predetermined the legal status of Chechnya after the election of the new parliament. The Dudayev delegation agreed in principle to the wording that "the status of Chechnya after the elections will be determined on the basis of the Russian Constitution and the new Chechen Constitution within the framework of the Federation Treaty." Even if the new parliament declares independence, the primacy of Russian laws over local ones leaves the Chechen "state power" supporters no chance.

Members of the Russian delegation assert that in the present situation for Dudayev's supporters "the main thing is to save face," which is why they now insist on preserving the present "legal status" — independence — until elections are held in Chechnya.

"Just recognize our independence at last, if only for two months," Usman Imaev told Moscow's representatives.

However, this delegation can be called Dudayev's only with reservations. As IZVESTIYA has already reported, in the opinion of Russia's representatives the Chechen president today no longer has authority over the territory not under federal control — all the decisions are taken by people in his entourage. At the same time the members of the Dudayev delegation are unwilling, at least for the time being, to go directly against their president, and that is considerably complicating the course of the talks.

"Volskiy has seen Dudayev and knows the difficulty we have with him. What do you want from us?" — that is how Aslan Maskhadov, chief of staff of the armed forces of Chechnya-Ichkeria, responded to the Russian delegation's accusations of excessive intransigence.

On the other hand, apart from Dudayev's opinions, the delegation's members also have to reckon with the mood of the "die-hard" field commanders, many of whom are already openly expressing dissatisfaction with the first Chechen president. Thus, according to Russian intelligence, after Arkadiy Volskiy's meeting with Dudayev, the latter lost control of some 700 gunmen who were indignant at the "deal" between the man who was until recently their idol and the "Russian occupying forces."

"Today many of the field commanders are convinced that it was Dudayev who led Chechnya to defeat, while the real hero who brought Russia to the conference table

is Shamil Basayev," Arkadiy Volskiy, deputy head of the Russian delegation, told IZVESTIYA.

At the same time, in Volskiy's opinion, virtually all the gunmen defer to Aslan Maskhadov, chief of staff of the troops of the republic of Chechnya-Ichkeria and a participant in the present talks.

"The one-and-a-half-day gap in the talks was because Usman Imayev needed to meet with field commanders of different orientations and persuade them not to cause trouble," the deputy head of the Russian delegation told me.

The situation is further complicated by the fact that the republic's new leadership has also entered into open confrontation with Moscow. The "Daymokkhk" party, which is headed by Salambek Khadzhiev, prime minister of the government of national revival, held a rally in Groznyy on 13 July. In particular, the demonstrators demanded that all troops on the republic's territory be placed under the control of the Chechen government.

The Russian "war party" has stepped up its activity dramatically.

"Certain forces are now openly trying to derail the talks," Volskiy says. "The delegation has never experienced such strong pressure before. First and foremost, of course, from the military. I'm not saying it's Grachev, but it is obvious that in his close entourage there are many who advocate war until victory. Many commercial organizations are also active. Some 5 trillion rubles have been allocated for the restoration of the Chechen economy. Fifteen Russian commercial banks are working here, and many of them have highly dubious reputations. The ending of the war will stop many high-up people from lining their own pockets with impunity. Today, now that peace has virtually arrived in Chechnya, the deputies are voting for the withdrawal of Russian troops and the commencement (!) of talks. That is outright provocation," Arkadiy Volskiy believes. "Basically, everything will become clear in the very near future. Either we sign a joint communique with the Chechen side on a package of political questions, or the 'war party' on both sides of the barricades will be victorious."

Skokov Gives Background to Chechen Crisis

LD1507212895 Moscow Russian Television Network
in Russian 1900 GMT 15 Jul 95

[Video report by correspondent R. Safronov, included recorded comments by Yuriy Skokov, chairman of the

National Council of Russian Communities; from the "Vesti" newscast]

[FBIS Translated Text] Sergey Shakhray mentioned that criminal cases had already been started to examine the circumstances of Dzhokhar Dudayev's coming to power in 1991 following a coup d'etat and the overthrowing of Doku Zavgayev. A number of criminal cases deals with exposing the Dudayev regime's operations with oil that seem to have links to Moscow.

[Safronov] Even if Sergey Shakhray's confidence is vindicated and the Constitutional Court deems legal the authorities' measures in Chechnya, this will not remove from the agenda the issue of the political responsibility of those who helped Dudayev to come to power and strengthened his regime. The revelations made recently by Yuriy Skokov at a meeting with leaders of the students' trade unions are quite curious.

[Skokov] Of the 13 million tonnes of petroleum products that used to be processed in Chechnya, only 2.8 million used to be extracted locally, while the rest used to be brought from Tyumen. It was suggested that the Tyumen valve should be shut. The then Prime Minister Yegor Gaydar said that this must not be done.

[Safronov] Yuriy Skokov knows the situation at first hand. At the time he was secretary of the Russian Security Council. Judging by his words, the Russian leadership had differences on the Chechen problem.

[Skokov] Further, they used to export oil through various regions, first of all, through Tuapse and Novorossiysk. Let us close the ports, it was suggested. The answer was that it must not be done because we have a free market. A railway carload of cash containing 6 billion [currency not specified] was found in Krasnodar Territory, it was dispatched at Vladimir Shumeyko's instruction following Ruslan Khasbulatov's request. When asked, they said that they were helping the Chechen people and not the regime.

[Safronov] In the meantime, Dudayev's regime was growing stronger while the situation in the Caucasus was becoming increasingly tense. The idea of using the mechanism of people's democracy was rejected.

[Skokov] A proposal was made to call the Confederation of Caucasian Peoples and the Cossacks to the negotiating table. Sergey Filatov, Gaydar, Burbulis, and Shakhray said that neither confederation nor Cossacks existed. On the whole, the Cossacks were a dark force. Now everybody is suddenly friends with the Cossacks and attends their councils. Why am I saying all this? Not to accuse, it is not my business to accuse anybody or to investigate. But I want to stress once again that we have done all that ourselves, with our own hands.

Stavropol Reinvestigates 'Terrorist' Basayev

LD1707095395 Moscow ITAR-TASS World Service
in Russian 0559 GMT 17 Jul 95

[By Nikolay Styazhkin]

[FBIS Translated Text] Budennovsk (Stavropol territory), 17 Jul (ITAR-TASS) — Shamil Basayev, the leader of a band, will have to answer to a court not only for the terrorist acts in Budennovsk carried out in June, but also for a number of crimes committed earlier. An ITAR-TASS correspondent was told at the Stavropol territory procurator's office that a criminal investigation of Basayev — which was started about four years ago when he hijacked a passenger airliner flying from the Mineralnyye Vody airport to Yekaterinburg — has been reopened. Threatening to blow up the plane, the bandit demanded that the flight be rerouted to Ankara, stating to the Turkish authorities that he had committed this terrorist act allegedly to draw the attention of the world community to the necessity of defending Dzhokhar Dudayev who had come into power in Chechnya, and of opposing plans to introduce a state of emergency in the territory of Chechnya that were being discussed by the Russian Government at the time.

It was also explained to the ITAR-TASS correspondent at the Stavropol territory procurator's office that the criminal investigation of the passenger airliner hijacking by Basayev and of his taking the passengers hostage was started immediately, but was soon halted, because not only did Turkey not give up the terrorist to Russia, but it also let him go scot free, so to speak, fueling the plane and letting him fly to Grozny, where the terrorist was not only safe from being given up to the investigative bodies but was also hailed as a "national hero" by Dudayev's milieu.

According to the Stavropol procurator's office, it had become evident in the course of examining the criminal investigations on Basayev that he had gone through special training in one of Pakistan's training centers for setting up and carrying out terrorist acts.

Basayev Threatens Nuclear, Bacterial Attacks

MM1407160295 Moscow KOMSOMOLSKAYA
PRAVDA in Russian 15 Jul 95 p 1

[Interview with Chechen rebel leader Shamil Basayev "in a mountain settlement in the republic last Thursday" by Aleksandr Yevtushenko: "Shamil Basayev Gives an Interview to KOMSOMOLSKAYA PRAVDA"]

[FBIS Translated Text] My meeting with Basayev took place last Thursday evening [13 July] in a mountain settlement in the republic. Shamil assured me that he had never been to Pakistan and had never been hiding

in Abkhazia. His family is in Abkhazia, but he himself has not left Chechnya.

"Yet," Basayev clarified.

"The talks in Grozny are going OK, and I am in constant communication with the Chechen command. As for the Russian command, it seems to be starting to understand the utter absurdity of this war. If everything breaks down and the war continues through the fault of the third force from Moscow, and if the troops continue to kill Chechens, I know how to act.

"The military assess my words on the use of bacteriological and nuclear weapons on Russian territory as a stupid joke," Basayev continued. "But it will be enough for me to blow up a canister containing lethal bacteria on a Moscow street, and all of Moscow will not recover. I also have radioactive elements in capsules. But I hope it will not come to that. I am sure that a referendum in the republic will confirm the people's desire for independence from Russia. If it does not, I will not go against the people."

Basayev said all this on the eve of the signing in Grozny of protocol on the political set of questions. According to the document, the status of Chechnya is defined as a "sovereign republic within the Russian Federation." Following consultation with field commanders and, obviously, with Dzhokhar Dudayev, Usman Imaev agreed to this wording.

Maskhadov: Moscow Clings to Military Solution

LD1407205195 Moscow Radiostantsiya Ekho Moskv
in Russian 1800 GMT 14 Jul 95

[FBIS Translated Text] At about 2030 today, just before the curfew, the Chechen delegation returned to Grozny. Its leaders, Usman Imaev and Aslan Maskhadov, have been engrossed in consultations with field commanders all day on the package of political agreements that are being prepared for signing. An Ekho Moskv correspondent was told by Aslan Maskhadov, the head of Chechnya's Main Defense Headquarters, that most ordinary people and commanders with whom he had spoken were positive about the talks, but many could not understand why the Russian side was not fulfilling the obligations it has undertaken in connection with the first package of issues relating to the military: There has been neither a withdrawal of troops, nor an end to the shelling of the mountain districts. People need guarantees, Maskhadov stressed and, first and foremost, Russia should promise that there will be no repeat of this war, which has been going on for over 300 years, and that if there were to be a war, then Russia should not declare it its own internal affair.

Maskhadov believes that the Russian side has not completely given up the idea of a military solution of this conflict. I quote the commander in chief: Right at the beginning of the talks, we said that the war was over, but only yesterday Volskiy said there were only two ways out of the current situation: Through a war, or peace, which in fact means that the war will resume if Chechnya does not accept the terms of settlement laid down by Russia. Maskhadov stressed that most Chechens trust the delegation holding talks in Grozny, and that it is therefore responsible to them. Of course, on Saturday, we will not be able to give a certain answer to the package of political proposals from the Russian side, Aslan Maskhadov told Ehko Moskv.

Alleged Chechen Deportation 'Based on Rumors'

LD1407170095 Moscow ITAR-TASS in English
1647 GMT 14 Jul 95

[By Nikolay Styazhkin]

[FBIS Transcribed Text] STAVROPOL, July 14 (ITAR-TASS) — The repeated statements of members of delegations to the Grozny talks claiming alleged deportation of Chechens from the Stavropol territory after the Budennovsk tragedy are based on rumors and not facts, head of the press service of the Stavropol territorial administration's interior department Zoya Novikova told ITAR-TASS. Since the time of the Basayev gang's attack at Budennovsk, 432 Chechens have left the territory, including 100 Chechen families from the Terskiy state farm. However, all of them left the territory voluntarily and without any pressure.

In her words, another 632 people were ordered by the territorial administrative bodies to leave the Stavropol territory. These are not solely Chechens or Caucasians. The people were staying in the territory in violation of the passport regime.

The passport regime of the Stavropol territory, which borders Chechnya, was taken under strict control back in autumn 1994, when the Stavropol territorial Duma adopted a regional law on stay in the Stavropol territory of persons who come from other Russian regions and foreign states.

At the same time, Zoya Novikova admitted that the authorities of the Filimonovskaya settlement put by force a stamp canceling residence permit in passports of local Chechens and told them to leave the settlement immediately. The police made the authorities to stop and apologized to the Chechens.

Chechen families from the Terskiy state farm and other Chechens who voluntarily left the Stavropol territory after the tragic events in Budennovsk can return to

their homes. Their houses are being protected by the Stavropol police, noted Novikova.

Soldiers Try To Sell Bonds Found in Grozny

MM1407123295 Moscow IZVESTIYA in Russian
14 Jul 95 p 2

[Report by Aleksandr Pashkov: "Chechen Trophy. A Group of Russian Officers Illegally Appropriate Millions of Dollars"]

[FBIS Translated Text] Yekaterinburg — Investigators at the Sverdlovsk Internal Affairs Administration intend to take to court a case involving the theft of over \$7 million during military operations in Chechnya from the depository of the Grozny branch of "Kredo-Bank."

Strictly speaking, it was not actual money that was stolen but Russian Federation Ministry of Finance internal currency loan securities. Otherwise, it is scarcely likely that anyone would have found out about the theft, since the players in this story were actually caught because they did not know certain rules in selling such securities.

However, let us go back to the beginning. In December of last year, when the situation around Grozny was deteriorating, representatives of the "Kredo-Bank" branch made a decision to take cash and some of the equipment out of the Chechen capital. Some Russian Ministry of Finance internal currency loan bonds, originally obtained by the "Grozneft" Chechen Republic oil industry state concern, were also kept in the bank's depository. Dudayev's representatives appeared in the bank and stated that "it is not recommended" to take these securities out of Chechen territory.

In January, Russian troops Major A. and Warrant Officer P. tried to gain entry into the bank's depository in order to equip a command post for the regiment commander there. However, having blown the door, they realized that the premises were rather small, and they left, grabbing a small box which they managed to get hold of through a metal grating separating the "antechamber" from the actual depository. They did not blow the grating. This was later done by others — and all the bank's remaining property was stolen.

The major and the warrant officer told three other officers about their find. And once five people know about something you can expect a visit by the special services. Which is what in fact occurred. Lieutenant Colonel of Counterintelligence G. (all the servicemen were from the Urals Military District) proposed dividing up the find.

"These three decided that the disappearance of the securities would be put down to the war, and therefore

they did not keep things particularly secret," Mikhail Roshchektayev, senior investigator for specially important cases, said. "The major and the warrant officer went back to the fighting, while the lieutenant colonel and another officer took the securities to Yekaterinburg." Here they sold some of the bonds to the tune of \$113,000 through "Uralvneshtorgbank." This bank is above suspicion, since it did everything by the book. It was written on the bonds that they could be cashed by the bearer — and so they were given the dollars. Maybe it was actually businessman R., who headed the "Ranet" private enterprise in Yekaterinburg and who assisted in cashing the securities, who advised the enterprising lieutenant colonel to conduct transactions with the securities for all the remaining sums in Moscow via straw men.

One of the leaders of the Moscow "Interbank" was arrested, as the investigation believes that serious violations of the law were committed in that bank — currency was obtained on the basis of other people's passports. The mediator helping the servicemen in Moscow is currently on the wanted list — \$912,000 is "attached" to him. It is curious that, having returned from the capital, the lieutenant colonel reported to his accomplices that the bonds had been put to use and would bring dividends. He gave the major \$6,000 (he had delivered \$4,500 for the warrant officer to the Burdenko hospital in Moscow, where he was staying after being wounded).

The lieutenant colonel maintains that he wanted to give all of this money — and over 2 million was obtained in cash — "for the needs of casualties in Chechnya." To date, the investigation has confiscated over \$1 million as well as a jeep and a multitude of things obtained with the free currency. Almost all of the securities are in a safe belonging to the investigators, and the currency has been confiscated, with the exception of what the accomplice hiding in Moscow has.

The group was discovered in quite a simple way: "Kredo-Bank" informed "Vneshekonombak" that as a result of military operations in Grozny it had lost securities to the tune of over \$7 million. The latter was actually checking, as the instructions demanded, whether the bonds submitted for payment were genuine. There followed a call to the Ministry of Internal Affairs.

Incidentally, the owner of "Ranet," a former servicemen, refused to tell the truth for longer than any of the others. He claimed that he had received a legacy from his grandmother. As the investigation discovered, his grandmother worked a storekeeper at a Yekaterinburg enterprise.

Stavropol Harvest, Grain Sale Prospects Viewed

MM1707081695 Moscow ROSSIYSKAYA GAZETA

First Edition in Russian 12 Jul 95 pp 1, 2

[By Lyudmila Beldyugina : "Will Bread Rolls End Up in Luxury Food Stores? People in Stavropol Kray Are Seriously Exercised by This Far-From-Idle Question"]

[FBIS Translated Text] Stavropol Kray — The grain harvest is at its peak in Stavropol Kray. Even the heavy rain that came lashing down after many days of intense exhausting heat is not spoiling very much the peasants' frame of mind.

But the year began very gloomily for Stavropol Kray's grain growers: Only one-half of the 1.5 million hectares sown to winter grain cropped, and the shoots were more or less satisfactory on only one-third of the area. Last year's torrid summer and dry fall took their toll, the plowland entered the winter period with only the minimum supply of moisture, the fields, moreover, had received one-fourth less mineral fertilizer than the established norm, while many of them obtained no top-dressing at all. The reason is well known: Neither the farms nor the farmers have the wherewithal.

True, rural workers did pin hopes on decree No. 137 for a while; this decree envisaged the allocation of commodity credits in the form of mineral fertilizers and chemical plant protection agents against the purchase of grain from the new harvest for federal stocks. The resources allocated to the countryside in accordance with the document were considerable: 981 billion rubles [R], given that the state undertook to pay one-half the cost of this produce. But the commodity credits started arriving in the regions in April-May. The kray had given up expecting any dramatic resolution. The Stavropol Kray Administration and State Duma passed a number of innovative decrees. Three enterprises producing mineral fertilizers, including the North Caucasus' largest producer — the "Azot" plant in Nevinnomyssk — were exempt from the payment of taxes into the kray budget. The enterprises, in turn, delivered fertilizers equivalent to this sum, which farms could now acquire without problems against the next harvest. The kray allocated R20 billion for the purchase of fuel and lubricants for the countryside and for the payment of electricity to power the irrigation systems. Aerial spraying of crops with plant protection agents was also financed out of the budget. Against this advance the kray concluded a contract with farms for the supply of the full amount of grain for human consumption necessary to meet its own needs, which have been determined at 300,000 tonnes for this year.

The downpours of May and June helped the crops to the extent that, even with the most conservative estimates, this year's yield is expected to be no lower than last year. The gross grain harvest figure is forecast to be 3.5-4 million tonnes. This gross figure takes on particular significance once you take into account that the outlook for the harvest in many of Russia's central regions is not, alas, encouraging: There has not been a drought like this summer's for a long time. Stavropol Kray is one of the territories which managed to meet its needs for grain for human consumption under contracts before the start of harvesting.

On the other hand, the kray, with its two-thirds budget deficit, is not in a position to pay the producers' final bill for grain. Stavropol Kray could manage this problem perfectly well, given a state loan or even the extension of the state credit for the purchase of fuel and lubricants (Stavropol Kray is due to repay the debt to the state by 1 December) and thereby support its grain producers, who have done splendid work despite all the circumstances — natural and otherwise.

Unlike home-produced foodstuffs, which people in the Russian capital refuse to have anything to do with at all (ROSSIYSKAYA GAZETA reported this in a roundup feature entitled "It's Home Produced? Turn It Down!"), grain has quite a different price status — it is considerably cheaper than imported grain, while being of perfectly competitive quality.

Not a single agrarian specialist ventures to give a precise price for the new grain. The forecast is somewhere between R500,000 and R600,000 per tonne. A completely acceptable price to the grain growers, who realize that the price cannot be higher if the staff of life is not to become a luxury item for two-thirds of the population. Even with such a price for grain, a bread roll will cost in the region of R2,500. But here it is necessary to dispel the average person's firm conviction that it is the price of grain that fixes the cost of the roll you buy in a store. In reality, the cost of a kilogram of baked bread today is roughly nine times higher than the price of grain because of all the charges and costs of running the equipment needed to bake bread. So there is no chance of producers' growing rich at a price of R550,000 to R600,000 per tonne of grain.

But even this forecast is still up in the air, as it were, as it is not known how long the parity of prices for agricultural produce and industrial goods will be maintained or what the correlation of the cost of grain and fuel and lubricants will be by the fall.

Unfortunately, the correlation is not changing in favor of the grain producers. In 1990 the prices of gasoline, diesel fuel, and grain were R200, R140, and R300

respectively. In March 1994 the figures were R350,000, R210,000, and R80,000. In June this year a tonne of gasoline already cost R1.529 million and diesel R1.020 million while the guaranteed price for grain (third-class soft wheat) is set as of 1 July at R375,000 per tonne (without allowance made for value-added tax and the special tax).

Last year "Stavropolkhleboprodukt" purchased grain in Stavropol Kray for regional stocks on behalf of the kray administration, but now a host of commercial organizations have launched themselves into purchasing grain for federal stocks and the stocks of other territories. The result has been lamentable: The federal stocks only received 3 million of the 11.5 million tonnes of grain which should have been delivered by them. God alone knows how the territories were stung. A number of criminal cases have been instituted in Russia today looking into the question of grain and the huge sums allocated to new dealers on the scene for the purchase of grain which have disappeared without trace.

Specialists have argued to me that "the criminal nature of the activity" of the latter was all but inevitable: Essentially, none of them avoids the temptation to "circulate" the "bread money" deposited in their accounts in other commercial organizations, the path of which is pretty difficult to track. The activity of "Stavropolkhleboprodukt," which has retained the principles of the state structure, with its albeit not very good control over deadlines and the targeted expenditure of resources, harbors far fewer unpleasant surprises.

Last year the kray's rayons and cities also made grain purchases for the regional fund: The objective — to attract local resources to purchase grain — was a good one. Small price discrepancies in the rayons affected the different cost of a bread roll in the kray, which, naturally, produced bewildered questions from ordinary consumers and additional social tension.

It is perfectly possible that, if the government does not help, the kray administration will turn to the "towns and the villages" this current year too with the request that they help supply the population of their own regions with bread. The impoverished kray budget, weakened by its preharvest expenditure, is not in a position to make full payment for the grain for the regional stocks.

But such decentralized purchases should not be a system, according to Stavropol agro-industrial committee. They are proud of the fact that the kray has — unlike the majority of Russian territories — retained the state system of grain purchases. This is a perfectly normal system similar to those existing in civilized countries, and there is no point nor reason to destroy it.

Purchasers are not as yet making a beeline to Stavropol Kray, although Tyumen, St. Petersburg, Dagestan, Tatarstan, and Volgograd have already announced their serious intentions. The greatest activity has been demonstrated by the Russian capital. Arriving in Stavropol Kray after the tragic events there, Yuriy Luzhkov not only determined the magnitude of Moscow's aid for the restoration of Budennovsk hospital but also decided the question of the purchase of grain for the capital. He signed a contract for the transfer of R10 billion and 20,000 tonnes of gasoline to Stavropol's grain growers for the supply of grain to federal stocks.

But Moscow, as we know, is not the whole of Russia.

Stavropol Duma Decree on Non-Registered Evictions

LD1507071095 Moscow ITAR-TASS in English
0700 GMT 15 Jul 95

[By Nikolay Styazhkin]

[FBIS Transcribed Text] STAVROPOL July 15 (ITAR-TASS) — A decree of the Stavropol territorial Duma, or legislature entitled police to expel from the territory all who flout residential registration regulations.

ITAR-TASS was told in the territorial interior department that the measure was introduced to avert recurrence of the bandit actions like the assault on Budennovsk by the Basayev-led gang and defend the population from organised crime.

Anyone found to elude the local registration regulations will be expelled within 48 hours, with trip expenditure to be borne by the expelled or those who host them.

The decree also mandates the setting up of a data bank which is to file information on deportees.

A spokesman for the Stavropol Duma chairman Valeriy Zerenkov said the decree was prompted by the territory's neighbourhood with troubled Chechnya and other North Caucasian republics plagued by ethnic conflicts, but it is not directed against Chechens and other "Caucasians".

The spokesman said visitors from any Russia's or CIS regions may be expelled for miscomplying with the registration regulations.

People's Union for Chechnya's Revival Formed

LD1607110095 Moscow ITAR-TASS in English
0947 GMT 16 Jul 95

[By Sharip Asuyev]

[FBIS Transcribed Text] GROZNY, July 16 (ITAR-TASS) — A new social and political movement called "The Union of people for the Republic's revival" has emerged in Chechnya. An announcement about the movement's foundation was made in the newspaper "Groznski rabochi" by Imran Dokshukayev, former deputy of the Russian parliament's speaker.

A large photograph and biography of Ruslan Khasbulatov have been published along with the document in the newspaper. Dokshukayev thinks that the movement should be led by only Ruslan Imranovich Khasbulatov. But no consent has so far been received from the latter.

Judging by its proclaimed programme, the "Union" is ready to assume the responsibility for the revival of the Chechen people and its statehood.

New Communist Bloc Created in St. Petersburg

LD1407182195 Moscow ITAR-TASS World Service
in Russian 1052 GMT 14 Jul 95

[By Nataliya Cherepanova]

[FBIS Translated Text] St. Petersburg, 14 Jul (ITAR-TASS) — "United Communists" is the name given to a communist bloc, which is to be set up under an agreement that was concluded today by the Russian Party of Communists and the Union of Communists of Russia.

However, it is too early yet to say that all of Russia's communist parties have forgotten their differences and are going forward together to the elections. Two of the largest and most influential parties, the Communist Party of the Russian Federation and the Russian Communist Workers' Party, have not yet said officially that they are joining the bloc. Nevertheless, talks are being held and the final results will become known at the end of August after a series of party conferences, which are to determine the attitude to the unified bloc.

UN Official on N. Ossetian-Ingush Situation

LD1507175595 Moscow ITAR-TASS World Service
in Russian 1016 GMT 15 Jul 95

[By Valeriy Shanayev]

[FBIS Translated Text] Vladikavkaz, 15 Jul (ITAR-TASS) — The return of refugees and displaced persons to villages of Prigorodny District, North Ossetia,

remains the most difficult problem in the zone of Ossetian-Ingush conflict, Michael Phelps, head of the UN high commissioner's mission for refugees in North Caucasus, told ITAR-TASS today.

He said that to date, more than 58,000 refugees and displaced persons were registered in North Ossetia alone. According to Michael Phelps, positive changes have taken place recently: The return of refugees has resumed, the presidents of North Ossetia and Ingushetia, government structures, and public organizations are establishing dialogue. The slow restoration of accommodation and the entire social infrastructure in four populated areas of Prigorodnyy District is a worrying factor. The situation is extremely difficult here, thousands of people are homeless.

According to the Russian president's edict, 672 Ingush families are to return to four populated areas of the District and 401 families have returned so far.

Chernomyrdin Addresses Conference in Yakutia

*LD1407144395 Moscow INTERFAX in English
1317 GMT 14 Jul 95*

[FBIS Transcribed Text] YAKUTSK, July 14 (INTERFAX) — The main problems of the social and economic development of Yakutia (a republic within the Russian Federation, Siberia) will soon be resolved. The confidence in this was expressed by Russian Prime Minister Viktor Chernomyrdin, when he addressed a Friday conference of leaders of administrative and managerial bodies of Yakutia.

An INTERFAX correspondent reports that during the conference, in which Russian Finance Minister Vladimir Panskov, Fuel and Energy Minister Yuriy Shafrannik, Railways Minister Gennadiy Fadeyev, Yakutian President Mikhail Nikolayev and the republic's Prime Minister Yuriy Kaidyshev took part, under discussion were the main problems of the social and economic development of this Siberian republic.

Chernomyrdin said that there was "a detailed conversation" on all the problems. He believes that to solve the most pressing problems it is necessary to urgently work out a joint program of actions by the federal and Yakutian governments.

Answering the requests by the Yakutian leaders on earmarking to the republic of additional budget allocations, Chernomyrdin said that "under market relations there will never be free money". He believes that new methods and approaches should be worked out in order to solve the urgent problems.

Chernomyrdin also said that Yakutia had not fulfil the plan on taxes to the federal budget over the first six

months of the year. According to him, only 16 billion rubles came to the federal treasury out of the necessary 350 billion rubles.

Chernomyrdin started his tour of Yakutia Friday morning by visiting the diamond field and the ore-enriching enterprise in the town of Udachniy. After he arrived in Yakutsk, the Russian prime minister met with the work collective of the Yakutian regional hydro electric power station and saw the station in operation.

He had a conversation with Yakutian President Mikhail Nikolayev and Prime Minister Yuriy Kaidyshev. They discussed the problems of housing construction in Yakutsk and the development of the municipal economy.

On Saturday morning the Russian prime minister met with the leadership of the republic's branch of the Our Home Is Russia movement. As is known, Chernomyrdin is chairman of this election alliance.

In the middle of the day Chernomyrdin will leave for the capital of the Yakutian diamond industry, the town of Mirny, where he will see one of the city's diamond-producing enterprise and take part in the celebrations on the occasion of the 40th anniversary of the Russian diamond-producing industry, which is marked this year.

Chernomyrdin is expected to leave for Moscow late at night.

Tatarstan Supports 'Our Home Is Russia' Party

*LD1407211195 Moscow INTERFAX in English
1806 GMT 14 Jul 95*

[FBIS Transcribed Text] KAZAN, July 14 (INTERFAX-EURASIA) — "Tatarstan fully supports the so-called party of power, the Our Home Is Russia movement, headed by Russian Prime Minister Viktor Chernomyrdin," Tatar President Mintimer Shaymiyev said at the meeting of the Tatar government today.

Tatarstan is a republic in Russia.

"Contrary to other parties and movements Our Home Is Russia attracts Tatarstan by its centrist positions and intentions to pursue a consistent policy of reforms and by its rejection of plans to divide Russia into guberniyas," Shaymiyev said.

He said the Our Home Is Russia would be supported by regions "if the Russian government carries out reforms and the reforms remain attractive to the republics."

Electoral Movements Expand to Kemerovo Region

LD1607203795 Moscow ITAR-TASS World Service
in Russian 1611 GMT 16 Jul 95

[By Grigoriy Shalakin]

[FBIS Translated Text] Kemerovo, 16 Jul (ITAR-TASS) — Regional branches of Russia Is Our Home and Russia's Regions movements were set up nearly simultaneously in the Kuznetsk Coal Basin. The former is led by Gennadiy Solodov, head of the local Council of Industrialists and director general of the Progress production association; the latter by Viktor Medikov, State Duma deputy for Kemerovo Region and former lecturer at a metallurgy institute.

It is too early to speak about the degree of influence these organizations will have on the voters in the course of the election campaign. Nonetheless, experts note that Viktor Chernomyrdin's bloc [Russia Is Our Home] has already gained a solid foothold with support in 18 towns and 16 countryside regions — for example, the absolute majority of Kuznetsk Coal Basin territorial units.

An important role is also expected to be played by the local People's Power [Narodovlastiye] bloc, led by Aman Tuleyev, Federation Council deputy and chairman of the Kemerovo Region Legislative Assembly. It has in fact been around in the region for a few years and has support among the older generation of voters. At present, representatives of Tuleyev's bloc control about half the seats in the region's representative power body.

At the inauguration of the People's Power bloc, Aman Tuleyev said elections to the State Duma will be a kind of a test of the bloc's ability to put its candidates through to Kemerovo Region local self-government bodies.

Stepankov To Serve as Vice Governor of Perm Oblast

MK1507123695 Moscow SEGODNYA in Russian
15 Jul 95 p 2

[By Igor Lobanov under the "Appointment" rubric: "Valentin Stepankov Will Serve His Country in Perm"]

[FBIS Translated Text] The structure of the Perm Oblast administration underwent some changes the other day, and now Governor Boris Kuznetsov has seven deputies instead of the six he had before. The oblast administration staff were presented to a new vice governor, Valentin Stepankov; a directive on his appointment was signed by Mr. Kuznetsov on 10 July and was kept under wraps until the last moment.

The former general prosecutor of Russia is now tasked with organizing cooperation between the oblast administration and law enforcement organs, courts of law, and

military units situated on the territory of Perm Oblast. Mr. Stepankov will also provide general guidance on such matters as "upholding the rights and liberties of man and citizen, legality, and law and order." He will also coordinate the activities of the justice and internal affairs administrations, military commissariats, and civil defense headquarters. Furthermore, the new vice governor will become the head of interdepartmental commissions under the governor on the prevention of crime and corruption, on fire safety, social problems of servicemen, the commission on the military draft, and other commissions in line with his powers. Most of the duties assigned to Mr. Stepankov now were earlier performed by First Vice Governor Gennadiy Igumnov. As for human rights questions, for example, they have not been dealt with at all by any member of the administration leadership.

Soon after having been presented in the oblast administration, Mr. Stepankov went back to Moscow to tie up loose ends and arrange to move his family to Perm. Mr. Stepankov is expected to take up his duties in a week or so. Few people were surprised at his new appointment in Perm. This is primarily because Perm is Mr. Stepankov's hometown. He graduated from the Perm State University law department and worked as a prosecutor in the town of Gubakhi.

Komi Republic, Bulgaria Reestablish Economic Ties

LD1507210195 Moscow ITAR-TASS World Service
in Russian 1635 GMT 15 Jul 95

[By Viktor Makarov]

[FBIS Translated Text] Syktyvkar, 15 Jul (ITAR-TASS) — The Republic of Bulgaria and the Komi Republic intend to revive their former economic cooperation. This was announced by official representatives of the two republics during a visit to Komi by the Bulgarian Government delegation led by Deputy Prime Minister Svetoslav Shivarov.

The revival of cooperation with this northern republic is being implemented under accords reached during a recent visit to Bulgaria by Russian Prime Minister Viktor Chernomyrdin. On 14 July, several protocols were signed in Syktyvkar on cooperation between Komi Republic, as a component part of the Russian Federation, and the Republic of Bulgaria in the commercial, economic, scientific, technical, and cultural fields.

This primarily concerns cooperation in the procurement and processing of timber on Komi territory. Its government invited the Bulgarian side to set up a completely Bulgarian timber procurement enterprise here on the basis of lease of Russian property. Proposals were also

made on the establishment of joint enterprises for the production of furniture, bricks and tiles, ceramic products, industrial oils, and the processing of fur pelts.

LUKoil Expands Presence in North Caucasus

*MK1407143095 Moscow SEGODNYA in Russian
14 Jul 95 p 4*

[By Elmar Murtazayev: "'LUKoil' Widens Its Presence in North Caucasus. President of the Holding Company Alekperov is Positive of Getting 'Permneft,' 'Kalinigradmorneftegaz,' and 'Nizhnevolzhskneft'"]

[FBIS Translated Text] The companies "Permneft," "Kalinigradmorneftegaz," and "Nizhnevolzhskneft" will become part of the "LUKoil" oil holding company, "LUKoil" president Vagit Alekperov has stated. As he put it, the transfer to "LUKoil" has already been agreed upon with the leaders and collectives of the three companies and, despite the fact that a corresponding decree is yet to be signed, there is no doubt about the government's decision in favor of the holding company.

The "LUKoil" president made this statement at the opening in Adygeya (North Caucasus) of two petrol and oil yards "LUKoil" built in the Cossack village of Khanskaya in Maykop Rayon (with 8,000 cubic meters total capacity) and in the settlement of Enem (20,000 cubic meters). According to Mr. Alekperov, it is necessary to build in this region a network of oil storage facilities in connection with the plans to build an oil refinery (with annual projected capacity of 9 million tonnes of petroleum products) in Adygeya. Adygeya President Aslan Dzharimov said during the unveiling ceremony that thanks to cooperation with "LUKoil," the total capacity of the republic's oil storage facilities has grown to 42,000 cubic meters, which will make it possible "not only to meet the republic's requirements but also to win the petroleum product market in Krasnodar Kray."

Mr. Alekperov thinks that the strengthening of "LUKoil" in the North Caucasus would make it possible for the company to sharply increase its sales, considering the fact that Russia's southern agricultural regions are major consumers of petroleum products. Of no small importance, according to the president, is also the presence in Krasnodar Kray of big sea ports. The "LUKoil" president left for Baku to discuss, as part of the Russian delegation, questions related to the development of the Caspian shelf oil fields.

First Customs-Free Zone Unveiled in Far East

*LD1707081495 Moscow ITAR-TASS in English
0505 GMT 17 Jul 95*

[By Yevgenya Lenz and Leonid Vinogradov]

[FBIS Transcribed Text] VLADIVOSTOK, July 17 (ITAR-TASS) — Russia has created its first customs-free micro-zone in the Far Eastern port city of Nakhodka. Stock company Dalintermet received a license permitting it duty-free imports of foreign technology equipment to its premisses and duty-free sales of its products abroad.

Dalintermet is engaged in turning written-off trade, fishing, and naval vessels into scrap metal. Company president Pavel Glushko told ITAR-TASS that customs benefits will permit the company to purchase specialised metal-cutting equipment abroad at no great cost to itself. This, in turn, will make possible domestic utilisation of civil and warships which until now have been mainly sold to Asian-Pacific countries for a mere song.

Benefits which Dalintermet expects to get soon will help it to increase production, create new jobs and pay impressive taxes towards federal revenue.

The creation of the first customs-free micro-zone is part of a large-scale experiment which reflects a new trend in the foreign economic activity of Russian entrepreneurs.

The administrative committee of the Nakhodka free economic zone has decided not to extend benefits if this kind to the entire territory of Nakhodka. Instead, five similar micro-zones will first be created on the basis of individual enterprises.

The free economic zone leadership believes that this approach should work best in conditions of a market economy and intends to keep an eye on Dalintermet throughout the three-year period of "testing".

Documentation is meanwhile being prepared for granting the micro-zone status to three other enterprises — the Yuzhnorybflot fishing fleet, a computer assembly factory and a tin-can factory which supplies containers to the entire Russian Far Eastern fishing fleet.

Foreign Ships in Okhotsk Sea Reduced by Quarter

*LD1607171495 Moscow INTERFAX in English
1307 GMT 16 Jul 95*

[FBIS Transcribed Text] MOSCOW, July 16 (INTERFAX) — The number of foreign ships has been reduced 2.5 times in the central part of the Sea of Okhotsk, Lieutenant-General Sergey Karasev of the Federal Border Service [FBS] told INTERFAX in an exclusive interview on Sunday.

He said the measures taken by the FBS jointly with departments concerned to stop uncontrolled fishing in the central part of the Sea of Okhotsk "are bringing good results."

A Russian-Polish inter-governmental agreement on moving Polish fishing vessels from this region to the agreed areas in Russia's economic zone was signed last week.

An agreement which bans the fishing of pollack in the central part of the Sea of Okhotsk was earlier reached with the U.S., Japan and South Korea. A similar agreement is to be signed with China, said Karasev.

This will help save the reserve of sea products in the central part of the Sea of Okhotsk which is not controlled by border guards as it is not part of Russia's economic zone, he added.

Maritime Duma Pledges Closer Contacts With Kray
MK1507072895 Moscow SEGODNYA in Russian
14 Jul 95 p 3

[By Oleg Kryuchek under the "Amicable Settlement" rubric: "Maritime Legislators Assure Kray Administration of Their High Esteem. From Now on They Will Work 'in Close Contact' With the Executive"]

[FBIS Translated Text] At its latest session, the Maritime Kray Duma approved the candidature of the legislative assembly's new leader. Vladimir Vedernikov, aged 60, director of the Ussuriysk railcar-building factory, became chairman in place of Igor Lebedinets, who had been dismissed by the Duma on 20 June for "an attempt to cause a split between the regional legislative and executive branches."

The "attempt" was, in fact, an open hearing conducted by Igor Lebedinets on the work of the federal commission headed by Petr Karpov which had uncovered numerous violations of financial discipline by administration officials. Mr. Lebedinets demanded also that all vice governors and Maritime governor Yevgeniy Nazdratenko himself be dismissed, which in fact was the reason for local deputies' indignation, since most of them are heads of Maritime Kray city and rayon administrations.

While Mr. Lebedinets is trying to prove that he was right in court, the Duma's new leader, Mr. Vedernikov, who got 20 votes in his support, assured everybody that from now on the legislators will work exclusively "in close contact" with the kray administration, backing the executive at all levels.

Maritime Kray Miners May Strike Unless Paid

MM1707102195 Moscow TRUD in Russian
15 Jul 95 p 2

[By Albert Kozlov: "Miners Extract Money for...Power Industry Workers and Demand That the Government Resolve the Nonpayments Problem"]

[FBIS Translated Excerpt] Will there be a miners' strike in Maritime Kray or not? TRUD's correspondent put this question to Anatoliy Vasyanovich, general director of "Primorskugol," and Petr Kiryasov, chairman of Maritime Kray Territorial Trade Union Committee.

"Over the past two months," A. Vasyanovich said, "we have not received from 'Dalenergo,' to which we supply 80 percent of the coal we extract, a single ruble for the output obtained from us. Their debts have now reached 226 billion rubles [R]. Miners have gone without their wages since May, some of them even since April. We urgently need R40-45 billion to settle up with people. If this question is not resolved within 10 days, then a strike cannot be avoided." [passage omitted]

Economic Issues

Yarov Calls For Agreement With Unions by Oct

LD1407122995 Moscow ITAR-TASS in English
1218 GMT 14 Jul 95

[By Oleg Velichko]

[FBIS Transcribed Text] MOSCOW, July 14 (ITAR-TASS) — Russian Vice-Premier Yuriy Yarov considers it necessary that a 1996 General Agreement between trade unions, the Association of Employers, and the government be concluded not later than October this year.

Speakers at Friday's meeting of the three-sided Commission for a settlement of social and labour relations pointed out that additional expenditure connected with a 30-percent increase in wages and salaries of the budget-supported sector workers from March this year has not been funded so far. As of today, this debt is estimated at 518,000 million roubles and is to be repaid in the third quarter of the current year.

A Russian Finance Ministry Spokesman has said that 30,200 million roubles were remitted in April-June for the payment of monthly allowances for children and refugees from Chechnya. In all, 94,200 million roubles have been allocated from the Federal budget for the rehabilitation of the social welfare sector of the republic.

The three-sided Commission is to hold its next meeting on September 22 and is expected to consider a draft

General Agreement between the trade unions, the Employers' Association and the government for 1996.

'Extremely Alarming' Wage-Arrears Trend Rising

MM1407133695 Moscow TRUD in Russian
14 Jul 95 p 1

[By political observer Vitaliy Golovachev: "From Payday to Deceit. Over 12 Million Russians Have Not Received Wages"]

[FBIS Translated Text] The life of the half-starved miners of Luchegorsk open coal pit and of Partizansk in Maritime Kray, who have not received wages since April-May (the mass media report that many have been reduced to living on tea with sugar and bread), is by no means an exceptional case in Russian economic life. Data just received from the Goskomstat [State Committee for Statistics] testifies to the growth of extremely alarming trends and contradicts First Vice Premier Anatoliy Chubays' optimistic assessments concerning a noticeable "improvement" in the state of our economy. Wages owed to enterprises' employees are not only not decreasing (which is what Russians have been promised month after month since the middle of last year) or even staying at the same level but are continuing to increase. Wage arrears were 4.2 trillion rubles [R] in January, R5.5 trillion in May, R6 trillion in June, and R6.44 trillion as of 1 July.

This means that over 12 million people, or practically one in five workers, have not received wages on time. Moreover, the total of arrears in excess of two months is approaching R2 trillion.

In a country where around one-third of the population is stuck on the poverty line and where most people live from payday to payday, the nonpayment of wages even for one month (let alone two or three) puts a family in a critical situation. There have already been fainting fits through hunger in Maritime Kray. Or take light industry, where an unprecedented situation has developed — in the whole sector average wages (R218,000 in May) are lower than the subsistence minimum (R254,000 for the country). But hundreds of thousands of workers have not even received this chicken feed.

Currently the largest arrears are in machine building — R853 billion, and in the coal industry — R422 billion. Over the month of June, wages owed to coal industry workers increased by R21 billion and wage arrears increased by R56 billion in machine building. Can this really be the production "revival" that is being talked about so much at the moment?

A most grave situation prevails in industry and agriculture, and arrears in the construction industry are rapidly

increasing. In many plants the little window marked "Cashier" is never open. In May 8,000 enterprises (employing a total of around 1 million people) did not pay any wages at all because of a lack of money. In agriculture, 37 percent of resources allocated for consumption were not issued at the prescribed time, the figures being 26 percent in industry, 11 percent in education, 8 percent in health care....

In the Tuva and Altay Republics, in the Koryak, Aga Buryat, and Komi-Permyak Autonomous Okrugs, and in Magadan and Kaliningrad Oblasts over one-half of the total arrears has not been paid for over two months.

Irrespective of why these outrages are occurring (enterprises are almost always in debt to each other, the federal or municipal budget has not settled with some enterprises), the worsening nonpayments crisis is a powerful time bomb. Some 5.7 million unemployed, 12 million who have not received wages, and 45 million on the poverty line — all this is not the best background for the upcoming elections. Many times people have said and written exactly what is wrong in our economic mechanism: There is simply no large-scale structural reorganization, already fragile small businesses are still being stifled, and crime is increasing. Until there are changes for the better here it is, I think, premature to talk about stabilizing the economy.

Goskomstat's Latest Inflation Figures Published

MM1707082795 Moscow ROSSIYSKAYA GAZETA
First Edition in Russian 14 Jul 95 p 1

[Unattributed report: "State Committee for Statistics Reports"]

[FBIS Translated Text] During the first half of 1995 (June 1995 against December 1994) the consumer price index throughout the Russian Federation as a whole stood at 178 percent; 125 percent for the second quarter of the year (June against March), including month-on-month figures for April, May, and June of 108.5, 107.9, and 106.7 percent respectively.

The consumer price index (excluding nonessential consumer goods) calculated in accordance with the Russian Federation Law "On the Indexation of Citizens' Monetary Income and Savings in the RSFSR" of 24 October 1991 stood at 179 percent [figure as published] for the first half of the year and at 125 percent for the second quarter.

Article Says Economy Shows 'Small Upturn'

MM1707090995 Moscow ROSSIYSKAYA GAZETA
Weekend Edition in Russian 15 Jul 95 p 6

[Unattributed report: "Slight Upturn — in Slump"]

[FBIS Translated Text] The Russian Government apparatus' Government Information Administration and the Russian Federation State Committee for Statistics have published the industrial output figures for the first half of 1995. In comparison with last year, the volume of industrial production in Russia rose by 0.1 percent.

Skeptics will smile and say: What is one-tenth of 1 percent when viewed against the global scale of the fall in production in recent years? But that isn't what matters — the important thing is that there is a clear trend toward the "revival" of the country's industrial muscle.

In the past six months, production amounted to around 420 trillion rubles [R]. To judge from the monthly indicators, the maximum production volume was achieved in July, when the corresponding figure for last year was exceeded by 2 percent. At the same time, there was a clear downturn in the second quarter — a full 6 percent below the figure for last year.

This situation was bound to affect the inflation level. In the three months, from March through June, inflation rose by 36 percentage points. But in the past month it rose by just one point.

Region by region, the bulk of Russia has an inflation figure about average for the country. The Central Region is above the average indicator while the East Siberia and North Caucasus regions are below the average.

The highest average weekly inflation figure was in January — 103.8 percent — while the lowest was in July — 101.3 percent. The second quarter's indicators were most stable — 101.9 percent to 101.7 percent.

The rise in prices for consumer services was the most marked. It fluctuated from 23 percent in January to 3 percent in July. Food prices almost mirrored those fluctuations — from 21 percent in January to 1 percent in July. However, these statistics are average figures, so they were able to fluctuate quite significantly region by region.

As a result of these processes the average cost of the range of 19 major foodstuffs forming the basis of the population's weekly purchases reached R200,000 a month by July compared with R107,000 in January. This means that the cost of living in our country has, indeed, almost doubled.

But even here you can find evidence that the rise in prices has not gone off the scale compared with the beginning of the year. The average rise over recent months was around R14,000, whereas in March and July the figures were R4,000-R5,000. Those months contributed to the general rise in industrial production. Perhaps this trend is not obvious. Perhaps that is simply the way things were, but nevertheless it is a fact.

As a result, it may be said that there has been a small upturn in the economy viewed against the background of the previous large downturn.

Chubays Chairs Meeting on 1996 Draft Budget

LD1507141195 Moscow ITAR-TASS in English
1247 GMT 15 Jul 95

[FBIS Transcribed Text] MOSCOW July 15 (ITAR-TASS) — Russia's draft 1996 budget was discussed today at a meeting of the Russian government members and leaders of federal ministries.

The governmental information department reported in a release that first Deputy Prime Minister Anatoliy Chubays, who chaired the meeting, called on its participants to consider the draft "not only from the perspective of specific industries but generate a concept of the government as a team of how the budget of the next year fits into the logic of our economic policy".

The budget had been drafted within a short span, said first Deputy Finance Minister Vladimir Petrov.

Petrov said the budget's major parameters were determined by the presidential budget letter and by the governmental 1995-97 programme.

The parameters are austere enough, Petrov said.

Mean inflation rate growth is projected to be a monthly two percent, and the budget deficit must be kept within four percent of gross domestic product.

The budget is to be financed only by borrowing from domestic and foreign markets, with a 16.5 decrement in foreign borrowings relatively to the last year's figures.

The government information department's statement says the 1996 budget deficit projections suggest that the deficit will not be a source of inflation.

The statement also says "major social sectors and support to investment are set as priorities in budget spending".

The budget's projections were for the first time analysed by a special inter-sectoral commission which gave a scrutiny to applications of ministries, the statement says.

After the draft budget is polished, it will be discussed in the government and sent to the State Duma for approval.

State To Shed Many of Its Majority Shareholdings

*MK1507071695 Moscow SEGODNYA in Russian
14 Jul 95 p 1*

[By Aleksandr Bekker under the "Breakthrough" rubric: "The State Is Narrowing the Sphere of Its Economic Influence. The Number of Shareholdings Not for Sale Has Been Reduced to 3,054"]

[FBIS Translated Text] The key issue discussed at yesterday's government meeting was "The List of Joint-Stock Companies Manufacturing Strategically Important Products for State Security, Whose Shares Are Federal Property and Should Not Be Subject To Early Sale." The sale of state-owned shareholdings left over after the check privatization drive by regional property funds has failed to provide any perceptible revenue — a total of 670 billion rubles realized and 100 billion rubles going to the federal budget. Until the problem of what to do with state-owned shareholdings of the most "delectable" enterprises in the country is solved, it will be impossible to launch the second stage of privatization for real and thus ensure the influx of the planned 9.1 trillion rubles into the 1995 federal budget.

State Property Committee [SPC] Chairman Sergey Belyayev, who took part in the discussion at the government meeting, met with journalists later. He said that a special government commission had examined the list of 8,850 enterprises that have been turned into joint-stock companies with controlling blocks of shares owned by the state, including 3,054 joint-stock companies whose controlling shareholdings are not subject to sale ahead of time. Mr. Belyayev gave some specific figures regarding the list: It includes 269 defense industry enterprises, 63 liquor distilleries, 34 bakeries, 27 chemical and petrochemical manufacturers, 22 health care and medical industry facilities, six metallurgical plants, and two communications companies. As for the latter, Rostelekom has indeed been "closed" for purchasers. The Svyazinvest holding company, however, where the regional communications networks have placed their shares, will offer for sale 49 percent of its shares, including at international auctions.

As the SPC chairman had expected, the main battles "were over the transport enterprises" — sea ports, shipping lines, and aviation facilities — which are in great demand by investors; the Transport Ministry's wish to retain its control over them, however, is equally great. Mr. Belyayev did not say what was the outcome of the discussion on the early sale of shares in the Baltic and Novorossiysk shipping lines and the joint-stock

companies representing Russian airlines. It is known, however, that ports and shipping lines transporting goods to the north will remain under the sectoral ministry's oversight.

According to the SPC chairman, one "separate topic" discussed was the fuel and power enterprises. A ban on early sales was imposed for 1,019 of them. Moreover, under the budget law, state-owned shares of Gazprom and the LUKoil, YUKOS, and Surgutneftegaz oil companies cannot be sold this year. At the same time, the Fuel and Energy Ministry approved of the proposal to exclude from the list 200 coal industry enterprises that are gasping for investments. All restrictions on selling state-owned shareholdings in mining enterprises affiliated with the State Committee for Precious Metals, except the Lenzoloto and "Almazny Rossii-Sakha" mines, were lifted.

Mr. Belyayev said that the finalized list of "banned" enterprises will be made public next week. Simultaneously, the time schedule for sales of derestricted federal shareholdings will start to be published. Marketing studies have convinced the SPC that the total demand for shares is 18 to 19 trillion rubles and therefore the federal budget will receive its expected 9.1 trillion rubles. The peak demand, according to the same studies, will be in September-October. The demand pattern shows that 30 percent of the shares will be purchased by banks, another 30 percent by foreign investors, and the remainder by individuals, pension and investment funds, and brokers.

The SPC chairman pointed out that the aforementioned oil companies, in addition to state-owned shareholdings, have shares of their own, and the demand for them accounts for about one-third of the total demand. To sell these shares, special schemes are being developed, such as the issue of LUKoil's convertible bonds. "The earnings from the bond sales will go to the budget as privatization revenues," Mr. Belyayev said. It can be reasonably supposed that some companies — and not only the oil companies — will compete with outside investors for the state-owned shares.

The same kind of competition among companies can be expected for trust shareholdings that they manage for the state in return for providing credits to the government. In this connection, Mr. Belyayev said that a well-known banking consortium will take part in the tender on equal terms with others, and the tender procedure will be specified by a presidential edict.

The day before the government meeting, the State Duma had adopted on its third reading the Law on Alienation of State-Owned Shareholdings, granting deputies the right to decide what enterprises should be set "free,"

and which of them are to remain under state control. In reply to the SEGODNYA correspondent's question regarding the possible reaction of the executive branch, Sergey Belyayev said: "There is no doubt that the law will be vetoed by the president. This law is of a profoundly political nature, and it has nothing to do with the economic interests of the state."

Sidanko Oil Company To Subsume 23 Enterprises
MK1407152095 Moscow SEGODNYA in Russian
28 Jun 95 p 4

[Unattributed report in the "Business" column: "Another 23 Oil and Gas Enterprises Will Join Sidanko"]

[FBIS Translated Text] The composition of the Siberian-Far-East Oil Company (Sidanko) will be expanded by 23 Russian oil and gas enterprises, a highly placed source in the company said. According to the source, this decision has been made by an interagency commission created this spring under a government directive in order to finalize the formation of Russian vertically integrated oil companies. Sidanko should include the Saratovneftegaz oil extracting enterprise (it has produced approximately 550,000 tonnes of oil since the beginning of this year), the Khabarovsk oil refinery, one geophysical, and several machine-building and oil distribution enterprises based mainly in Siberia and the Far East.

When the company was founded in May 1994, it included the Varyeganneftegaz, Kondpetroleum, Chernogorneft, Purneftegaz, Udmurtneft, and Angarsknefteorgsintez associations, the Saratov oil refinery, and the Sakhalinkefteprodukt oil-product distribution enterprise. Asked about Purneftegaz' possible withdrawal from Sidanko, the source noted that a special government decree is required, which in all likelihood will be adopted "in the very near future."

Foreign Entry Into Bond Market To Be Eased
MK1407151495 Moscow KOMMERSANT-DAILY
in Russian 14 Jul 95 p 5

[Unattributed report under the "Journal" rubric: "Foreign Investors May Have Curbs Eased"]

[FBIS Translated Text] Andrey Kozlov, Russian Federation Central Bank securities control administration chief, has stated that Russia may ease restrictions imposed on foreign investors on the state short-term bonds market. As he put it, the Bank of Russia is planning, during the coming month, to consider the question of widening to 20 percent the limit on the participation of foreigners in this market (at the present time, non-residents are entitled to buying not more than 10 percent of the nominal issue in the primary floating). Mr. Kozlov also

did not rule out that non-residents will be permitted to work on state short-term bond markets outside Russia without having to become registered in it as physical bodies. Independent experts note that this constitutes a radical change in Russia's stance on this matter because Russian Federation Finance Minister Vladimir Panskov earlier expressed support for continued restrictions.

Ruble Rise May Have 'Profound Effect' on Exports
MK1507073095 Moscow SEGODNYA in Russian
14 Jul 95 p 2

[By Elmar Murtazayev under the "Appraisal" rubric: "The Rising Ruble Makes Metallurgy and the Chemical Industry Suffer Most. Chances That Export Duties Will Be Changed Are Growing"]

[FBIS Translated Text] Government experts believe that the rise in the ruble exchange rate will have the most profound effect on exports of ferrous and non-ferrous metal products, lumber, and chemicals. According to Sergey Tsyplakov, head of the Russian Federation government's International Cooperation Department, "prices for products in these sectors have nearly reached world levels, and a fall in the dollar rate will inevitably lead to a decline in export efficiency." Mr. Tsyplakov said in an interview to your SEGODNYA correspondent that the situation in the fuel and energy system is less complicated: For the majority of raw materials (particularly oil and gas), the difference between world prices and Russian export prices remains significant.

The main reason for the decline in export efficiency, Tsyplakov believes, is lack of correlation between changes in the dollar exchange rate and the actual inflation rate. It will be recalled that, according to the Russian Federation State Statistics Committee, the highest rise in prices over the first six months of this year was in the metallurgical and lumber industries: Compared with the last quarter of 1994, prices in these sectors have risen by 2.4 times, whereas the dollar rate over the same period rose a mere 20-25 percent. At the same time, according to the State Statistics Committee, in the Russian fuel and energy industry prices rose on average by 2.1 times (with the greatest increase — 2.4 times — in the oil production sector, followed by the oil refining and coal sectors — 2.2 and 2.1 times respectively). In Mr. Tsyplakov's opinion, transportation charges remain an important factor undermining the competitiveness of domestic products, since they raise the end price of exported products by 15-20 percent.

Such a situation may lead in the near future to serious problems for the export-oriented sectors of the Russian

economy and, in Mr. Tsyplakov's opinion, could primarily affect the ferrous metallurgy sector (according to the State Statistics Committee, Russia exports 52 percent of its rolled steel) and the chemical industry (73 percent of our mineral fertilizers are sold outside Russia). Under these circumstances, Mr. Tsyplakov does not rule out that the exporters will launch an offensive to get export duties abolished. In this connection, he recalled that under the 1993 Supreme Soviet decree legalizing export tariffs, duties were to be abolished starting in 1996. It is highly probable therefore, as Mr. Tsyplakov thinks, that the government will agree to modify the tariffs and even abolish certain export duties.

Economic Think Tank Commends Stability Program

*MK1507074095 Moscow SEGODNYA in Russian
14 Jul 95 p 2*

[By Elmar Murtazaev under the "Optimists" rubric: "Economic Reform Center Doubts IMF Will Not Grant Russia Standby Credit. Inflation Forecast for July at 5 Percent"]

[FBIS Translated Text] Sergey Pavlenko, head of the government's Working Center for Economic Reforms, said at a news conference that the downward trend in the inflation rate continues with the forecast for July being 5 percent. In his view, the government has succeeded to a certain extent in slowing down the inflation rate, which was reduced from 17.8 percent in January to 6.7 percent in June.

Mr. Pavlenko doubts that the IMF will decide to freeze its standby credit to Russia under which \$500 million

is to be allocated in July. "Acceleration of the money supply growth rate and the still high inflation level cannot be good enough reasons for the IMF to apply tough measures," he thinks.

Professor Charles Viplos [name as transliterated], a well-known Western economist, told the news conference that the Russian government will likely keep a "rigid" 12-percent band for the ruble after 1 October. According to him, "if the band is tightened still further, the current stabilizing effect will cease to exist." According to Mr. Viplos, the economic situation in Russia at the moment is favorable for introducing a fixed ruble rate, which "has been an absolutely correct and timely decision," the professor maintained [sentence as published]. He went on to say that the Russian Government managed to improve the economic situation thanks to both the national currency stabilization programs developed in coordination with IMF and the lack of "major budget problems."

The zeal of the Working Center for Economic Reforms, holding its second press conference in the last three days, can only be indicative of a certain nervousness in the research center. To convince journalists that the financial stabilization success is real, the Center chose the tried and tested method that is called "appealing to the authorities" in the theory of propaganda. It will be recalled that just two days ago, another Western professor and economist, Richard Laird [name as transliterated], was eagerly talking about the success of Russia's financial stabilization in the same center.

International Affairs

UNIAN Reports Bosnian Muslims Seize Arms

LD1507134295 Kiev UNIAN in Ukrainian
1240 GMT 15 Jul 95

[FBIS Translated Text] Zagreb — A 150-man strong Muslim formation in Bosnia and Herzegovina has mined access to the base of a Ukrainian company of peacekeepers in Gorazde and demands that all arms and hardware of the Ukrainian blue helmets be surrendered.

Ukrainian Ambassador to Croatia Anatoliy Shostak told UNIAN on 15 July that at night a group of seven Moslems forced their way into the territory of the military compound, beat up a Ukrainian officer, and confiscated an armored personnel carrier, a truck, 5,000 rounds of ammunition, 15 grenades, and two sniper rifles.

According to the Ukrainian diplomat, at night the Muslims were shelling the positions of the Ukrainian peacekeepers. The Muslims are also demanding that the Ukrainian blue helmets leave Gorazde.

Shostak said there were no casualties among the Ukrainian peacekeepers.

Appeal to UN To Protect Forces in Bosnia

LD1507165595 Kiev UNIAN in Ukrainian
1600 GMT 15 Jul 95

[FBIS Translated Text] Kiev — The Ukrainian minister of foreign affairs has written to the UN Security Council and to Secretary General Butrus Butrus-Ghali expressing concern at the situation in the UN safe areas in Zepa and Gorazde in Bosnia-Herzegovina where Ukrainian peacekeepers are deployed, and urged the United Nations to do its utmost to stabilize the situation, Anatoliy Serheyev, head of the Foreign Ministry information directorate told UNIAN.

He said the Ukrainian foreign minister spoke to Butros-Ghali on the telephone on 15 July, while Ukraine's acting permanent representative at the United Nations Borys Hudyma met the Bosnian charge d'affaires at the United Nations.

The Ukrainian Ministry of Foreign Affairs had earlier issued a statement condemning the escalation of the conflict in Bosnia-Herzegovina, particularly the warring sides' hostile actions against UNPROFOR [UN Protection Force] in the safe areas of Zepa and Gorazde where Ukrainian peacekeepers are also deployed.

3 Ukrainian Peacekeeper Posts Captured in Zepa

LD1607164795 Kiev UT-1 Television Network
in Ukrainian 1600 GMT 16 Jul 95

[FBIS Translated Text] In Zepa, Muslim troops have captured three more observation posts from Ukrainian peacekeepers. The Muslims placed about ten heavy mortars near the peacekeepers' main base to shell Serbian positions, using Ukrainian troops as human shields. Some 100 Ukrainian peacekeepers have been blocked by Muslim troops near Zepa for the last three days. According to an UN Protection Force spokesman, last night the Ukrainian base suffered a Muslim artillery attack. Ukrainian peacekeepers were also attacked near another eastern Bosnian Muslim enclave, Gorazde.

'Force' May Be Used for Release

LD1707104995 Moscow INTERFAX in English
0951 GMT 17 Jul 95

[FBIS Transcribed Text] KIEV, July 16 (INTERFAX-UKRAINE) — "To release a company of the 240th Ukrainian battalion of the UN peace-keeping force in the former Yugoslavia, which is blocked by Bosnian Moslems in the town of Zepa, an additional operation may be carried out," Ukrainian Defense Minister Valeriy Shmarov told reporters in Kiev on Sunday [16 July].

He refused to give the details, but said that the NATO forces "are carrying out in the region active intelligence and reconnaissance activities".

At the same time, Shmarov said that "the use of force not always gives good results".

According to him, besides the plan to use force, also being worked out is a plan of evacuation of Ukrainian servicemen from the zone of hostilities.

"We cannot put people to risk," said the Minister and said that at the moment there are no casualties among Ukrainian servicemen.

He expressed hope that in this way or other the situation with the Ukrainian servicemen will normalize within two days.

He said that Bosnian Moslems demand that the blocked Ukrainian servicemen hand over to them fire arms and ammunition.

He said that the company's commander "so far manages to curb the situation". Radio communication is constantly maintained with the blocked company.

Shmarov also said that Ukrainian Foreign Minister Hennadiy Udovenko had sent telegrams to Bosnian President Alija Izetbegovic, UN representative in Yugoslavia

Yasushi Akashi and the UN Security Council, in which he asked to take measures to prevent illegal actions against the Ukrainian peace-keepers.

Earlier, a similar action by Bosnian Moslems in Gorazde was a success. To avoid casualties, the command of the blocked company was forced, with Kiev's consent, to yield them part of armored technology and armaments.

Fourth Round of Ukrainian-Romanian Treaty Talks End

LD1507183795 Kiev UT-1 Television Network in Ukrainian 1600 GMT 15 Jul 95

[FBIS Translated Text] A Romanian delegation led by Marcel Dinu, state secretary at the Romanian Ministry of Foreign Affairs, ended today its visit to Ukraine.

[Correspondent] Ukrainian Foreign Affairs Minister Hennadiy Udovenko met the Romanian delegation in the fourth scheduled round of talks on a wide-ranging cooperation treaty between Ukraine and Romania. Agreement has been reached on a number of issues, including the preamble to the treaty. Everything is still at the drafting stage, however, the Ukrainian minister said. The meeting was attended by Borys Tarasyuk, Ukraine's first deputy minister of foreign Affairs, Ambassador-at-Large Volodymyr Vasylenko, and Ion Bistreanu, Romanian ambassador to Ukraine.

Friendly Relations With Romania Favored

LD1407192895 Moscow INTERFAX in English 1726 GMT 14 Jul 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] KIEV, July 14 (INTERFAX-UKRAINE) — Ukraine is interested in developing friendly relations with Romania, "but believes it unacceptable to unilaterally return again and again to the issue of borders in Europe solved once and for all," a high-ranking Ukrainian diplomat told INTERFAX-UKRAINE on Friday [14 July].

The source said Bucharest was reluctant to confirm the 1961 Soviet-Romanian border treaty thus impeding to conclude a bilateral framework treaty.

According to the diplomat, Romania insisted on adopting a document to condemn the 1939 Molotov-Ribbentrop pact.

A secret protocol to the Soviet-German pact envisioned that Bessarabia occupied by Romania in 1918 should join the former Soviet Union. The newly acquired Soviet territory was divided between Ukraine and Moldova.

Referring to independent experts, the diplomat said such a document will enable Romania to lay territorial claims on Ukraine.

"Ukraine proceeds from the assumption that it is not the Molotov-Ribbentrop pact that determines today's state of its border with Romania as it expired on June 22, 1941 (when Germany attacked the former Soviet Union - IF note). The 1947 Paris peace treaty that Ukraine signed among other allies by the anti-Hitler coalition and the 1948 Soviet-Romanian protocol outlined the demarcation of the border," he said.

The diplomat emphasized that the protocol moved the border to the right bank of the Danube. "During that, the Zmeiny island on the Danube went under the Soviet jurisdiction," he added.

"The 1961 border treaty ratified by legislatures of both Romania and the former Soviet Union contained the same provisions. While signing the Helsinki Final Act in 1975, Romania once again confirmed the inviolability of the existing borders," according to the source.

The diplomat said Romanian Foreign Secretary Marcel Dinu and Ukrainian First Deputy Foreign Minister Boris Tarasyuk had launched talks in Kiev on Thursday to discuss various issues of bilateral relations.

Deal on Gas Pipeline Signed With Romania

WS1707093195 Lvov INFOBANK in English 0813 GMT 17 Jul 95

[From the "News Service" feature]

[FBIS Transcribed Text] Kiev — During the July 13 negotiations between a delegation of the Ukrainian State Committee for Oil, Gas, and Related Industries led by Yevhen Dovzhok, the Committee Chairman, and the Romanian Ministry of Industry, the sides agreed on the construction of a gas pipeline. The pipeline with an annual capacity of 4 billion cubic meters of natural gas will connect Khust, Ukraine, and Satu Mare, Romania. The Romanian side is to make an agreement with Russian GAZPROM regarding the volume and schedule of gas supplies up to the year 2010, as well as to define who will pay for the gas transit via Ukrainian territory within a month.

Kiev Accuses Moscow of Delaying Border Talks

LD1507221995 Kiev UNIAN in Ukrainian 1600 GMT 15 Jul 95

[FBIS Translated Text] Mogilev-Podolskiy — "Of all the neighboring countries, only Russia has not yet given its consent to begin negotiations on the legal delimitation of the joint border," Leonid Osavolyuk, an

official of the State Committee for the Defense of the Ukrainian State Borders, told UNIAN.

Osavolyuk, who was deputy head of the Ukrainian delegation at the border talks with Moldova, said that if Russia continued to delay the talks, Ukraine can begin the delimitation of the Ukrainian-Russian border unilaterally.

Russia resorted to a similar measure several years ago when it initiated the unilateral delimitation of its border with Estonia.

Spent Nuclear Fuel Sent to Russia

*LD1607105395 Moscow Radio Rossii Network
in Russian 0900 GMT 16 Jul 95*

[FBIS Translated Text] Ukraine has dispatched 144 spent nuclear cartridges to Russia for the first time this year. Nur Nigmatullin, first deputy chairman of Ukraine's State Committee for the Use of Nuclear Power, said that a few more batches of spent nuclear fuel would be dispatched soon from Yuzhno-Ukrainskaya, Rovno, and Zaporozhye atomic power stations.

Ukrainian-Moldovan Meeting on Borders 'Successful'

*LD1507214295 Kiev UNIAN in Ukrainian
1440 GMT 15 Jul 95*

[FBIS Translated Text] Mogilev-Podolskiy — The first meeting of the Ukrainian-Moldovan commission for the delimitation of state borders was successful, according to Anatoliy Makarov, head of the Ukrainian delegation. "There are many problems, and they have to be solved," he told UNIAN on 15 July.

According to Makarov, the sides agreed on the delimitation procedure and the status of the joint commission. The heads of the delegation signed a protocol on the results of the meeting.

Aurelian Danila, head of the Moldovan delegation, said he was not sure whether the next meeting would be as successful. "The Moldovan side has to do some serious preparation," he said.

According to Danila, Moldovan officials were less prepared than their Ukrainian colleagues to discuss the transfer to Ukraine of Moldovan railway assets and infrastructure based on Ukrainian territory. "It is possible that we will come closer to discussing this issue at the next meeting," he said.

The second meeting of the Ukrainian-Moldovan commission is scheduled to take place in October in the Moldovan city of Vulkaneshty. According to Danila,

Dniester region officials have agreed to send their delegates to the talks.

South African Defense Minister Arrives

*LD1607180295 Moscow ITAR-TASS World Service
in Russian 1710 GMT 16 Jul 95*

[By ITAR-TASS correspondent Mikhail Melnik]

[FBIS Translated Excerpt] Kiev, 16 Jul — South African Defense Minister Joe Modise arrived in Ukraine today. The plane bringing the South African official military delegation, which he heads, landed at a military airport near Kiev. During his four-day visit, an agreement on military and technical cooperation is to be signed between Ukraine's and South Africa's military departments. [passage omitted]

Moroz Meets Chinese Delegation, Favors Closer Ties

*LD1707102095 Kiev UNIAN in Ukrainian
0900 GMT 17 Jul 95*

[FBIS Translated Text] Kiev — "Ukraine and China have many common interests and do not have contradictions, therefore there is every ground for the development of relations between the two states," Wang Hanbin, vice chairman of the Standing Committee of China's National People's Congress, said at a meeting with Supreme Council Chairman Oleksandr Moroz on 17 July.

According to Moroz, the Supreme Council is interested in the experience of providing legal backing to economic reforms in China; in particular, it is interested in the legislation that provides for the activities of the banking system.

He spoke in favor of coordinating the two states' legislations with the aim of setting up joint ventures in the sphere of trade and power engineering. This is envisaged by the cooperation plan of the Ukrainian-Chinese interparliamentary commission.

Moroz spoke in favor of restoring scientific relations between the two states, primarily in the sphere of fundamental sciences; in particular, relations with the Paton Institute of Electric Welding, which is to be visited by the Chinese delegation.

Moroz said Chinese investments in such spheres as the production of transformers, aircraft and turbocompressors, aerospace research and nuclear safety will be of benefit to China itself.

The head of the Chinese delegation was interested in the proposal by the Ukrainian side to invest in or buy Ukraine's aircraft-carrier Varyag which, according to

Moroz, "cannot be used by Ukraine due to economic difficulties."

Today, the Chinese delegation will meet Ukraine's Foreign Minister Hennadiy Udovenko and Prime Minister Yevhen Marchuk.

National Affairs

Kuchma Said Suffering From 'Follicular Tonsillitis'

MM1407180195 Moscow KOMSOMOLSKAYA
PRAVDA in Russian 15 Jul 95 p 1

[Report by Olga Musafirova under the "What They're Talking and Arguing About" rubric: "Kuchma's Illness Kept Secret"]

[FBIS Translated Text] The talk in Kiev is all about the fact that for some reason the president has not been seen in public. His planned visit to Belarus has been postponed. Leonid Kuchma's meeting with the Crimean Supreme Council Presidium was held in camera. According to information leaked from that meeting, the president was clearly unwell and had difficulty talking.

Rumors regarding the diagnosis have started to spread (Kuchma did undergo an operation on his thyroid gland). However, a well-informed source has assured KOMSOMOLSKAYA PRAVDA that Leonid Danilovich is suffering from follicular tonsillitis. This can happen to anyone in very hot weather — you merely have to drink water with ice cubes. With such an illness, it is recommended that you stay in bed, gargle, and place the minimum strain on your vocal cords.

If Kuchma undergoes roughly this medical treatment, he will, in the opinion of the source, fly to Belarus as early as Monday.

Parliament Issues Statement on Activities

LD1507111495 Kiev Radio Ukraine World Service
in Ukrainian 1000 GMT 15 Jul 95

[FBIS Translated Text] The Supreme Council of Ukraine has concluded its third session by adopting an appeal to the Ukrainian people on the occasion of the 5th anniversary of the Declaration of Ukraine's State Independence.

Summing up the results of parliament's activities, Chairman of the Supreme Council Oleksandr Moroz said that despite the complexity of the socioeconomic situation, the making and consolidation of the top legislative body of Ukraine as an inalienable factor and guarantor of democratic transformations in the state was continued. According to Moroz, the fact that the Supreme Coun-

cil ratified over 20 important international agreements creates prerequisites for socioeconomic transformations. The signing of the Constitutional Agreement between the Supreme Council and the president became an important factor for the preservation of political stability in society and a step toward solving the problem of delimiting the functions of authorities.

Ukraine is part of Europe, its history, culture, and economy. For its accession and further successful activities within the European structures to become a reality, Ukraine's legislation should already now be harmonized with the all-European one, Moroz said in conclusion.

Cabinet Issues Draft Action Plan

LD1407140495 Kiev UNIAN in Ukrainian
0915 GMT 14 Jul 95

[FBIS Translated Text] Kiev — An overview of the Cabinet of Ministers of Ukraine's draft action plan was made available for familiarization by Ukrainian parliament members on 14 July. At Ukrainian Prime Minister Yevhen Marchuk's request, deputies are to present their proposals and comments to the government by 1 August.

Under the document, the principal aim of the government's activity is to stabilize production, to facilitate growth in the gross domestic product in real terms by curbing the payments crisis, to contain inflation, to restore control over the state sector of the economy, to pursue a balanced budget and money and credit policies, to implement industrial and structural changes, to accelerate exports, and to help the public adapt to a new social reality.

The government will as a matter of priority concentrate on halting the decline in production and the population's living standards alongside keeping inflation low, enlivening investment activity in the key sectors of the economy, restoring financial discipline, tackling the problem of interenterprise settlements, easing taxation pressure, setting in motion an effective mechanism of payment for agricultural produce, reducing the payments deficit, and stimulating export production. It at the same time will tighten its grip on currency earnings, step up the anti-crime campaign, and push ahead with privatization and demonopolization.

The action plan states that the government will restore control over the state sector of the economy by ensuring that ministries and departments supervise the effective use of state property and the fulfillment of the state contract, rather than by reverting to the old system of management and planning.

Social policy: The main objective in the operation of the government's social policy is to broaden the social base of market reforms on the basis of halting the decline in the population's living standards and damping the impact of reforms on the most vulnerable groups of the public.

In this area, the government will as a matter of priority take these measures: rendering special-purpose pinpoint assistance to the most vulnerable groups of the public simultaneously with gradually ending many of its forms, such as subsidies and concessions to any categories of the population regardless of the level of their income; reforming the organization of society's social welfare system and launching a unified agency to make compensation payments and provide social guarantees for the worse-off; reforming the pensions and social insurance institutions; invigorating the state's public employment policy; legalizing the unregulated (shadow) labor market by promoting public employment; improving taxation methods as applied to private businesses; vigorously fighting extortion; pursuing an active policy on youth issues; and reforming the social sphere of industry by its gradual transfer to the ownership of local authorities and its privatization.

Financial, budget, money and credit policies: The government will follow its course toward financial stabilization in Ukraine with the aid of establishing a rigid relation between state expenditures and the revenue available, and changing all financial planning procedures. To this end, action will be taken to reduce the size of the budget deficit, cut budget grants and subsidies, make a transition from subsidizing production to subsidizing consumption, ensure the channelling of state expenditure into the primary areas of economic development, gradually free industry from financial responsibility for the maintenance of social sphere facilities by the latter's transfer to communal or private ownership, and carry out an in-depth reform of budgetary relations between the nationwide and regional authorities. The population's social welfare will become the cornerstone of budgetary expenditure.

The government's fiscal policy will aim to complete the reform of taxation with a view to gradually lowering taxes.

In the area of currency regulation, the government and the National Bank of Ukraine will create such conditions for setting the exchange rate as to achieve its maximum proximity to its real value, and will take action to protect Ukraine's national currency against major fluctuation, ensure the stability of the monetary system as a whole, stimulate exports, level out and develop the internal currency market, and, on the basis of this, reduce the

payments deficit and ensure the return to Ukraine of foreign currency proceeds.

Pricing: The government will further liberalize prices in the economy's nonmonopolized sectors and at the same time will enhance monopoly price controls. It will review the list of goods manufactured by monopolies, their prices subject to state regulation as the demopolization of production progresses and competition evolves. There will be a reduction in the social mark-up on prices as subsidies gradually decrease and the proportion of housing, utility, and transport costs as offset by the population will increase.

Ownership reform: In order to restructure and develop the economy and speed up the pace of property privatization, 22,450 Group A facilities and at least 8,000 Group B, C, and D facilities will be privatized under the action plan by the sale of their shares as open joint stock companies. The mechanisms of bankruptcy and liquidation will be applied to loss-making and unviable enterprises on a larger scale, and the privatization of incomplete-construction facilities will accelerate.

The privatization of facilities will mainly take place in conjunction with the plots of land where they are situated and their nonresidential premises. In order more actively to attract foreign investors to the privatization process, they will be offered conditions equal to those for other buyers.

Structural and industrial policies: These will be operated by making changes in the reproductive, institutional, and sectoral structures of the economy, and by prioritizing state objectives and sourcing funds to implement them.

The state's structural policy will aim to support primary industries, including by preferential credits, taxation, and faster depreciation and by actively developing the stock market.

Its industrial policy will aim to rationalize the use of the production potential available. In this area, precedence will be given to encouraging compliance with the rules of economic feasibility and rationalism as determined by the markets accessed by the Ukrainian economy. Further helping the internationalization of enterprises will also be part of its industrial policy.

In the area of industrial conversion, its plans are to systematize conversion processes, retain the defense industry's scientific and personnel potential, and set up on the basis of the military industrial complex competitive civilian or mixed military civilian industrial companies.

Agriculture policy: The government's principal tasks will be to evaluate land and include it in the turnover

of agricultural capital, to share out land in collective ownership, to certify these shares and include them in market circulation, to make a transition to economic stimulation in the protection of land, to speed up the development of the rural infrastructural network, to set up agricultural machine-building in Ukraine as an integral industry, to retain state contracts for the resources of utmost importance to agriculture and processing industries, to set in motion a mechanism of state support for agriculture according to the main types of produce, and to help the agro-industrial complex realize its export potential.

Foreign policy: The government will follow an active foreign policy. It will aim to be preemptive and to substantially retarget its policy economically so as to protect the economic interests of Ukraine, extend its relations with individual countries, regions, and organizations on the basis of the principles of political and economic advisability, broaden the Ukrainian presence in various regions of the world, and ensure [words indistinct] international developments. It will also seek to gradually restore ties with former USSR states.

In its foreign economic activity, the government will as a matter of priority take the following steps: gradually even out the payments balance, consistently promote restructuring in the goods catalogue of export and import, create opportunities for Ukrainian producers to access new markets, attract foreign investments and technologies, and help the development of export.

The legal foundation of this policy will be the principles formulated by the United Nations and GATT. Priority will be given to economic relations with CIS countries and, primarily, Russia.

Regional policy: The substance of this policy is to further broaden the power and responsibility of local authorities in comprehensive regional development. It is envisaged that there will be a set of measures legislatively and financially to ensure comprehensive regional development and bring in clear-cut power sharing between central and local authorities. The government's plans are to implement regional development programs in the Carpathians, Polessye, Podolye, the Black Sea region, the Dnieper region and mountainous areas, to take steps to stabilize the socio-economic situation in Crimea, and to set up special (free) economic zones.

Environmental policy: The government will evaluate Ukraine's natural resources, promote the removal of structural confrontation between production and environmental protection, help the branching-out of the environmental protection infrastructural network, draw up a nationwide ecological program on the River Dnieper,

introduce ecological monitoring, and improve policies to eliminate the aftermath of the Chernobyl accident.

Stepping up the anti-crime campaign: The government will look again at the strategy and tactical side of fighting crime, and the forms and methods of coordination in the activity of state agencies. It will bring in a set of administrative and economic crime prevention techniques in the economy. The government thinks it appropriate that new laws be drafted to improve Ukraine's civil, administrative and criminal legislation.

Council Statement on Declaration Anniversary

*LD1607163795 Kiev Radio Ukraine World Service
in Ukrainian 1200 GMT 16 Jul 95*

["Text" of Ukrainian Supreme Council statement on anniversary of Declaration of Sovereignty]

[FBIS Translated Text] A statement by the Supreme Council of Ukraine to the people of Ukraine on the fifth anniversary of the Declaration on the State Sovereignty of Ukraine:

Esteemed compatriots! Five years ago, on 16 July 1990, the Supreme Council of Ukraine, acting upon the will of the people to build a free and independent state, approved a fateful document, the Declaration on the State Sovereignty of Ukraine. The Declaration determined the fate and the future of the entire Ukrainian nation and proclaimed a new approach to the treatment of Ukraine's status in the system of international relations. In an all-Ukrainian referendum on 1 December 1991, the people confirmed that this was the right course to take and made the final decision on Ukraine's state independence.

The Supreme Council wishes to assure the people of Ukraine that the main principles of Ukraine's state system proclaimed in the Declaration are not to be revised. Acting on the principles of the Declaration, we will continue our efforts to build a strong economy based on the equality of all forms of ownership and reform the role of the state in economic relations so that it would protect the rights and freedoms of the people without restricting private interest and initiative. We are committed to consistent defense of Ukraine's territorial integrity and inviolability of its borders. We shall ensure unbending adherence to the law and order on its territory and wage a determined war against crime. We should create conditions for the preservation of the environment and in every way promote decent cultural and spiritual development of the Ukrainian people. Our aim is to create a society in which the interests of the state and the individual would blend in harmony. The Supreme Council wishes to congratulate everybody on the fifth

anniversary of the Declaration on the State Sovereignty of Ukraine, confirm its determination to continue doing its utmost to implement it in everyday life, and call on all citizens of our independent state to make a worthy contribution to the fulfillment of this historic task.

Vasylyev Appointed Acting Prosecutor General

LD1407161595 *Kiev UNIAN in Ukrainian*
1235 GMT 14 Jul 95

[FBIS Translated Text] Kiev [no date as received] — On 14 July, the Supreme Council of Ukraine passed a resolution explaining the provisions of the constitutional agreement between the president and the Supreme Council of Ukraine as regards the appointment and dismissal of Ukraine's prosecutor general.

According to the decree, "Ukraine's prosecutor general is dismissed by the Supreme Council of Ukraine following a submission from the president, if he was appointed following the president's submission."

The Supreme Council deemed it impossible for Vladyslav Datsyuk to hold the post of prosecutor general and proposed that Leonid Kuchma should rescind his edict of 1 July 1995 "On measures to safeguard abidance by the legislation in connection with the violation of the law of Ukraine 'On state power and local self-government,'" as the one that runs contrary to the constitutional agreement and the current legislation. The parliament proposed that the president should speed the submission of a candidature to the post of prosecutor general for the consideration of the Supreme Council.

The parliament terminated the powers of the collegium of the prosecutor general's office of Ukraine and commissioned Hennadiy Vasylyev, member of the parliamentary commission for legal affairs and law enforcement, the prosecutor of Donetsk region, member of the inter-regional deputy group, and honorary worker of Ukraine's procuracy, with the task of performing the duties of prosecutor general until the new candidature is appointed. Vasylyev will perform his duties until 1 September 1995. The president has been proposed to submit a candidature for the post of prosecutor general by that date.

As a result of the rating vote, Vasylyev received more votes than the other two candidates — Olha Kolinko and Volodymyr Danylenko, deputies to the prosecutor general.

Lawyers Condemn Parliament Resolution on Prosecutor General

LD1607101395 *Kiev UT-1 Television Network in Ukrainian* 1800 GMT 15 Jul 95

[FBIS Translated Text] As we already reported, on 14 July the Supreme Council of Ukraine passed a resolution in which it actually confirmed its previous decision to dismiss Prosecutor General Vladyslav Datsyuk and all members of the collegium of the Prosecutor General's Office of Ukraine. The decision is not so much a move that touches upon Prosecutor General Datsyuk personally, as it is a deliberate and gross violation of the Constitutional Agreement between the Supreme Council and the president of Ukraine, whose provisions cannot be interpreted unilaterally. If any disputable issues come about, they should be settled by the sides proceeding from the Constitutional Agreement, says a statement by representatives of the corps of lawyers of Ukraine.

It should be pointed out, the statement goes on to say, that the Supreme Council has for the second time violated the Constitutional Agreement, which was achieved through great effort and compromise between the legislative and executive powers. The actions of the Supreme Council may become a factor which will provoke instability and tension in society and lead to the restoration and growth of confrontation.

Ukrainian Orthodox Church Patriarch Dies

LD1507150795 *Moscow INTERFAX in English*
1306 GMT 15 Jul 95

[FBIS Transcribed Text] KIEV, July 15 (INTERFAX-UKRAINE) — The head of the Ukrainian Orthodox Church — Patriarch Vladimir (Romanyuk) of Kiev died Friday evening. He was 69 years old.

As Interfax-Ukraine learned from the press service of the Ukrainian Orthodox Church, he died of heart failure.

In 1992 Ukraine's Orthodox Church broke up into two sections — one run by the Moscow and the other by the Kiev Patriarchates. The Ukrainian Orthodox Church (under the Kiev Patriarchate) is not recognized as canonical by members of the Oecumenical Council of Orthodox Churches — by the Constantinople, Moscow, Georgian and other patriarchates.

Secrecy of Faction Talks Criticized

954F2710A *Simferopol KRYMSKAYA PRAVDA in Russian* 5 Jul 95 p 1

[Article by O. Shakhnyuk: "'Secrets of the Madrid Court' in the Supreme Council of Crimea"]

[FBIS Translated Text] As is well known, the popular phrase "secrets of the Madrid court" is generally

expressed with respect to various kinds of behind-the-scenes court intrigues that are shrouded in mystery. But what was considered a normal matter in the epoch of Alphonse of Castile is, to put it mildly, not entirely logical today in an era of general openness and glasnost.

Especially since the veil of secrecy that covers the life of our parliamentarians from outside view is of course not helpful to journalists and to those for whom they prepare their newspaper materials. Judge for yourselves: On Monday 3 July the author of these lines, after receiving preliminary information in the secretariat of the Supreme Council of Crimea that "the meeting of the presidium of parliament will be held as usual," appeared at the stipulated place at exactly 1400. My colleagues from other publications were already there. However, we soon learned that the meeting of the presidium was being canceled. This, judging by everything, was news even for...Lennur Arifov, a member of the presidium, whom we met at the closed doors of the meeting hall.

Why was the presidium meeting canceled so hastily? The meticulous journalists tried to get an answer to this question directly from the chairman of the Supreme Council of Crimea, but it became clear from the delicate, albeit at the same unambiguous monologue of his secretary, that S.P. Tsekov did not intend to give any interviews at this time. V.N. Klychnikov, his deputy, also did not desire to give any information to the representatives of the press, and reported only that an extraordinary interfactional conference was going on and therefore any comments now would be inappropriate.

It became necessary, as journalists say, to fall back on "sources that can be trusted." The following was learned from them. Sergey Tsekov spoke at the interfactional conference held last Monday with the participation of deputies of three factions—Republic, Russia, and Russia-Unity—and reported that under the conditions of the present parliamentary crisis he had decided to relinquish his powers as chairman of the Supreme Council. As recounted by a deputy who was present at the interfactional conference, who asked not to be identified (after all, it was "a secret conference"), he had doubts regarding the sincerity of Sergey Tsekov's convictions, who named as his successor the candidate....Boris Kizilov. The fact is that this representative of the Republic faction at one time very sharply criticized the leadership of the Supreme Council of Crimea, but the speaker of parliament, in his turn, responded very impartially about the parliamentary activity of Kizilov himself.

However, the main thing here is not even the expected personnel changes in the leadership of the Supreme Council of Crimea, but the fact that the regrettable

tradition of spontaneous behind-the-scenes resolution of global problems of parliamentary life are being continued. This means it is premature to talk about getting out of the parliamentary crisis, for the sake of which, in fact, it was decided to make the changes at the "top." And this "secret" cannot in any way be hidden under the cover of secrecy.

European Companies To Aid Construction of Nuclear Plants

*LD1607192595 Kiev UNIAN in Ukrainian
1010 GMT 15 Jul 95*

[FBIS Translated Text] Kiev — A joint Ukrainian-West European project has been launched with the aim of completing the construction of the second generating set at the Khmelniitskiy NPS [Nuclear Power Station] and the fourth generating set at the Rovno NPS. UNIAN has been informed of this at the European Nuclear Society following the presentation of the project in Kiev earlier this week.

An international group led by "Electricite de France" (EDF), as well as Belgian company "Tractebel" and Finnish [as received] "IVO" won the tender for finishing the construction of the generating sets.

At the presentation ceremony, EDF submitted a master plan of the project for the completion of the construction of the generating sets at the Khmelniitskiy and Rovno nuclear power stations. The program consists of two stages. At the first stage preliminary work will be done and engineering personnel trained. At the second stage the project will be submitted to the European Commission in order to obtain financial aid.

In the opinion of representatives of EDF, the project can be implemented in 30 months. The "ENAK" consortium will possibly be involved in the implementation of the project at the second stage.

Khmelniitskiy Nuclear Plant Stopped Due to Leakage

*LD1507115895 Kiev UNIAR in Ukrainian
1110 GMT 15 Jul 95*

[FBIS Translated Text] Khmelniitskiy — A generating set at the Khmelniitskiy nuclear power station was stopped at 0555 [0255 GMT] on 15 July due to leakage of oil from the set's transformer. The background radiation is within the norm. The causes of the accident are being ascertained.

URP Demands Cessation of ORT Broadcasts

*MK1507054095 Moscow KOMMERSANT-DAILY
in Russian 14 Jul 95 p 3*

[Unattributed report: "An 'Enemy Voice' Speaks From Moscow"]

[FBIS Translated Text] The Ukraine Republican Party [URP] has demanded that the TV and Radio Committee stop beaming Public Russian TV [ORT] broadcasts to the republic's territory. A URP statement says that ORT programs "jeopardize security and are aimed at creating an anti-Ukraine fifth column." The Republicans propose that the funds released as a result of terminating the "chauvinist TV" broadcasts be directed to the development of national TV.

Economic Issues

Parliament To Relax Import Duties on Raw Materials

*LD1507190695 Kiev UNIAN in Ukrainian
1240 GMT 15 Jul 95*

[FBIS Translated Text] Kiev — A Ukrainian Supreme Council session today approved an amendment to the unpublished law on measures to increase budget revenue and enhance social security. The amendment deletes the law's provisions for import duties on petroleum products, at 15 percent of the customs value, and coal, at three and four Ecu per tonne depending on the grade, retail sales tax on gasoline and diesel fuel at 15 percent, sales tax on rolled metal, metal products, steel pipes, and export duty on scrap metal, carbamide and ammonium, at five percent of the sale price.

A resolution on the implementation of the law says that the provision to abolish tax benefits did not apply to cases implied by the Ukrainian president's edict of 30 June 1995, which lifted value added tax on goods imported for own use.

The law will be published together with new amendments. Some of them were introduced by the president, others by the Supreme Council Commission for Financial Affairs and Banking. Commission Chairman Viktor Suslov said that under the law the Cabinet of Ministers is free to impose import duties "according to market conditions," which the cabinet can use as soon as the law takes effect.

Official Issues Report on Economic Reform

*LD1607113895 Kiev UNIAN in Ukrainian
1010 GMT 15 Jul 95*

[FBIS Translated Text] Kiev — Acting First Prime Minister of Ukraine Viktor Pynzenyk has prepared an analytical report on trends in the economic situation

over the eight months of implementing the economic reform (since October 1994 till June 1995), the press service of the first deputy prime minister of Ukraine told UNIAN.

The report says that in 1994 the decline in industrial production was 28.2 percent. Meanwhile, in January-May 1995 (as compared with the same period of 1994) the decline was 12.7 percent. There is a tendency towards slowing down the rate of decline in the gross domestic product (12.8 percent in January, 10.7 percent in May).

The inflation rate fell from 72.3 percent in November 1994 to 4.6 percent in May 1995.

Pynzenyk points out that over the past two months interest rates on loans have been decreasing at a slower pace than the inflation rate. According to the latest data of the National Bank of Ukraine, by the middle of the third decade interest rates on loans have decreased from 122 to 90 percent.

Pynzenyk believes that the share of long-term credits granted to the state sector is at a stable level. According to him, the share of fixed deposits within the banking system of Ukraine has grown from 36.9 percent (on 1 October 1994) to 55.5 percent (on 1 June 1995).

Pynzenyk states that according to the latest data of the National Bank of Ukraine, a process of gradual legalization of the shadow economy got under way in May-June 1995. The share of money circulating outside banks has decreased from 34.7 to 31.8 percent.

Since December 1994 the inflow of hard currency to Ukraine has been exceeding export earnings in hard currency by \$503.5 million.

In Pynzenyk's opinion, "One can say that the first stage of the reform has been completed." He believes that the further task is not to change methods of financial stabilization, but supplement them with structural changes in the economy under conditions of further improvement of the situation.

Customs Duties on Coal, Petroleum Products Introduced

*WS1707092995 Lvov INFOBANK in English
0813 GMT 17 Jul 95*

[From the "News Service" feature]

[FBIS Transcribed Text] Kiev — On July 14 Ukraine's Supreme Council approved a law "On amendments and additions to certain Ukrainian legislative acts intended to increase budget income and strengthen the country's social welfare." Article 40 of this law introduces import

duties on coal and petroleum products for any subjects involved in business activities regardless of the form of ownership. At the same time the Supreme Council approved a provision which stipulates that this article will not apply to structures importing raw or other materials for their own use.

Kuchma's Industrial Adviser on Management

WS1707134895 Kharkov VREMYA in Russian

4 Jul 95 pp 1-2

[Interview with Volodymyr Leonydovych Ryzhov, adviser to President Leonid Kuchma for industrial issues, by Ye. Zelenina; place and date not given: "Time for Zealous Management Has Come"]

[FBIS Translated Excerpt] "One had to begin to seriously and zealously manage the economy back in February-March," said Volodymyr Leonydovych Ryzhov, Ukrainian presidential adviser for industrial issues, in an interview with VREMYA, "when there was financial stabilization. But the inert thinking and behavior of managers of enterprises, who wanted to wait, affected the situation...."

[Zelenina] Volodymyr Leonydovych, you have already told us that 52 acts, presidential edicts, governmental resolutions, and bills on upgrading management in the country are being drafted. Which of them can be regarded as unpopular in our society?

[Ryzhov] Well, one act has already been assessed as unpopular: The one which postulates that the social sector of enterprises should be given to city authorities as municipal property. Kharkov, of course, is not the most "difficult" city in this aspect, but there are quite a few cities in Ukraine in which only one enterprise provides the entire city with employment, when the entire city depends on the production costs of goods manufactured by this enterprise. These products cannot be sold, because they are too expensive. Hence, the enterprise is closed down and this leads to the collapse of the entire life-support system of the city.

Okay! We will also make city authorities accountable for the entire infrastructure. If the burden of nonproductive expenditures is taken away, the enterprise will begin to sell its products and will support the social sphere of the city through taxes paid to the city budget.

This is a correct decision. But where can the city get the money during the initial stage? It is very difficult to resolve this question! By all appearances, a system of contracts between an enterprise and a municipal office will be introduced and each enterprise will know that it will have to — as one can put it, — reduce its socioeconomic expenditures by 5 percent; a

heavy burden for its production costs. This will make it possible for an enterprise to receive an additional opportunity to resolve its difficult situation in the future and the city will also survive. This is a measure, which is so necessary, but... unpopular.

There are also measures which could be turned down at the beginning. Very many enterprises are currently up to their ears in debt. But this cannot last forever. Debts all over the world are settled either through bankruptcy or by taking over the property of a bankrupt. [sentence incomplete as published]

We also have the Law on Bankruptcy, but it is inefficient and by all appearances it will not be efficient. There are a lot of reasons for this: For example, who would like to make one's partner bankrupt and not get its spare parts?

Another concept is currently being put forward. A creditor could receive stock in a debtor-enterprise for the amount of its debts. Then he will be able to directly oversee the situation in this enterprise. If a creditor does not need this stock, it can be sold on the stock market. If no one wants to buy this stock at its nominal price, then it is sold, for example, at half price to make it possible for a creditor to receive at least some money. In this case, zealously managed enterprises will have an opportunity to survive. As for the current situation, all enterprises suffer, because, as a rule, an insolvent, unzealous business pulls a zealous business into a debtor's prison as well.

This explains why a presidential edict on replacing creditor's debts with stock in enterprises is so expedient.

The next issue that is also discussed in the same context: As of today, budget-sector organizations have amassed great debts to unsubsidized enterprises. Due to the fact that the budget is not now sufficiently replenished, budget-sector organizations are also unable to settle their debts. This is the example of another conflict. There are, however, measures — they are also utilized in world practice — when the state issues its obligations as securities, sells them, and uses the earned money to settle budget-sector organizations' debts to unsubsidized enterprises. A business that bought state securities has the right to submit them for payment on a date specified on the securities: "Please, pay! If you are insolvent, give us your state property." So, there are ways to resolve problems; it is only necessary to do so.

[Zelenina] Our primary problem is, however, not the absence of laws, but that the existing laws are inefficient....

[Ryzhov] Well, they say that laws are inefficient! But the fact is not that the laws are inefficient, but the people do not observe them. Of course, a package of draft edicts

and resolutions will not be efficient as it is. In addition, all people will not learn overnight the rules of zealous management. As a rule, only individual enterprises will make a breakthrough in this aspect.

Given that the absolute majority of enterprises disapproves of such businesses, everything will depend on whether individual enterprises will have a sufficient amount of energy and entrepreneurship to learn to zealously operate their businesses based on new laws and on whether the state will be able to support them.

[Zelenina] Do you know of any such businesses? Can you name some of the ones in Kharkov....

[Ryzhov] In Kharkov? It is quite difficult to do so, but one can say that the "Khartron" Scientific-Production Association managed by Ya. E. Ayzenberg is quite close to them. [passage omitted]

[Zelenina] What new trends should be introduced in economic management? By the way, the need for sectoral ministries has been discussed for quite a long time.

[Ryzhov] Sectoral ministries will remain and will continue to operate for quite a long time, because we still have a lot of state property. The task is to structurally reorganize the economy. Let us assume that Ukraine manufactures more steel of a specific type than it can consume and is short of other types of steel; or, for example, it produces an insufficient amount of herbicides while it has an excess of carbamides. One should look for and establish a balance in the economic system. For example, our defense complex has found itself in an extremely difficult situation, because Russia rejects the services of industrial-defense complexes (VPK) of other CIS states and produces everything inside the country. A great number of VPK enterprises have been left without orders at all.

What should be done? These enterprises should be subject to restructuring. The next question is: How should this be done? Let us take, for example, the Kharkov-based Shevchenko factory. Well, we have written it off our balance sheet and have made it independent from the state. Let it develop along its own trajectory! Is it an approach? To some extent, it is. There could, however, be another way out. One has to help this enterprise to stand on its own two feet considering its technical potential and specifics.

So, if the state takes it upon itself to help such enterprises, one cannot do without sectoral ministries. As for the allegation that ministries are breeders of bureaucracy, this is all idle talk generated by the need to have someone to point at.

[Zelenina] But the Economics Ministry alone could do this!

[Ryzhov] This ministry is currently employing some 1,500 white-collar workers. It will have to employ some 7,000, if it hires officials from the sectoral ministries! Do you think that it will be possible to oversee this ministry? Can you imagine the economics minister's state of quiet frustration if his ministry were to take in oil, gas, coal, and other experts?

[Zelenina] Perhaps the ministries will change their functions. Enterprises are being privatized....

[Ryzhov] Functions can be changed, if the number of quality constituents goes up. When the number of private enterprises goes up, and the respective number of state enterprises goes down, sectoral ministries will also gradually switch from overseeing to regulating functions. [passage omitted]

Belarus**Iranian Official: Tehran To Buy Weapons From Minsk**

LD1407152095 Moscow ITAR-TASS World Service in Russian 1420 GMT 14 Jul 95

[By Belinform-TASS correspondent Aleksandr Lyushkevich]

[FBIS Translated Text] Minsk, 14 Jul — Iran intends to buy some kinds of armaments in Belarus, Iranian First Vice President Hasan Habibi today said in Minsk. According to him, the armaments bought in Minsk are of an exclusively defensive nature. Agreement has also been reached on consulting Iranian experts on technological processes for producing some kinds of armaments in Belarus.

As far as delivery of Iranian oil to the Republic is concerned, Prime Minister of Belarus Mikhail Chyhir said that this issue was dealt with during the talks but its machinery had not been elaborated yet.

As the outcome of the Iranian delegation's visit today a memorandum was signed at a sitting of the Belarus-Iranian commission on the issues of economic cooperation. The memorandum includes bilateral agreements on cooperation in the field of industry, agriculture, and construction materials.

Lukashenka Reviews Iranian Vice President's Visit

LD1507144695 Minsk Radiostantsiya Belarus International Service in Belarusian 1800 GMT 14 Jul 95

[FBIS Translated Text] Questions of economic cooperation between Iran and Belarus were the main theme of the talks between our country's president, Alyaksandr Lukashenka and the first vice president of Iran, Hasan Habibi. The talks took place on the morning of 13 July at the residence of the president of Belarus. Alyaksandr Lukashenka noted in particular that both the previous talks held early this year in Iran and this visit would promote the normalization of relations and would take them to the level that existed between the states in the recent past. This was also said at a series of talks held the previous evening. On 13 July the Iranian delegation visited the Minsk Tractor Works and the Belarusian Motor Vehicles Works. The visit ended today.

President on Achievements, Union With Russia

WS1407122295 Minsk ZVYAZDA in Belarusian 11 Jul 95 p 1

["Exclusive" interview with President Alyaksandr Lukashenka by Yury Svirko; place and date not given: "The First Year of the First President. What Has Been

Accomplished?" — first paragraph is Yury Svirko introduction]

[FBIS Translated Text] *On 11 July 1994, Belarus learned that Alyaksandr Lukashenka had become its first president. On the eve of his first anniversary, the president has had to assess the results of his work many times, and when I requested him to do this one more time, he said: "I have already done it.!" Nevertheless, the head of our state agreed to again share his opinions about the first year of his presidency.*

[Lukashenka] Let us recall Lukashenka's program for his presidential campaign. There were three points. Regardless of how certain politicians may speculate on this program — "has he put all plants in operation, or has he not?" — these points were printed in black in white in my dear ZVYAZDA. What was the first point? Fighting inflation, since even then we all saw how this wheel was turning. Inflation was on the upswing and, at that time, amounted to 37 percent. By the new year, it had reached 40 percent (under my presidency), and in January it exceeded 40 percent.

We elaborated this program with economists, proceeding from the premise that inflation means the collapse of our society and production. For what can you reproach me after this past year? As early as this May, inflation stood only at 3.5 percent. In some matters, I was inconsistent, in another consistent, but I have fulfilled this promise. Well, maybe not completely, but it is being fulfilled. This is not bad just for one year.

[Svirko] And the second point?

[Lukashenka] Combating corruption. You can also criticize me that we are advancing very slowly, that we are not working intensely enough, you can criticize me that there are corrupt people among those who remained in the Republic's leadership or were brought there by me. I am not going to argue; anything may happen in a state. But can you reproach me for not combating corruption? If we today must renounce the services of those who stood beside Lukashenka.... I would like to remind you [dismissed Defense Minister] of Kastenka. He was the defense minister! He was an example for others. It was not so easy to dismiss him....

We try to continue combating corruption. You cannot reproach the president for being corrupt himself (maybe it is because the time was too short, but, for the time being, you cannot do this). I have not obtained any housing, even though I could, according to the law; I am not drawing my full salary. This may seem funny to someone: I will be fed and dressed all the same. But do not forget that I have a family. I must dress my children, and you know how much all this costs. I

give back 30 percent of those 3 million (currency not specified) to which I am entitled; I have to pay income tax on the remaining 2 million; thus, I receive 1.2-1.6 million — it is simply funny. As for my last pay day, due to the carelessness of employees in the presidential administration, I was forced to decline all additional allowances that I was to receive for receiving citizens. I was not reminded of this duty on the scheduled day; thus, I did not receive the citizens. Following this, other officials also had to give up receiving citizens. So the lack of pay for this duty was visited as a punishment not only upon myself, but on others.

Besides, on which basis can I combat corruption? As of today, corruption is legal in the Republic of Belarus. Many laws, including market-oriented ones, boost corruption. To prevent corruption, I have ordered that licenses for [exporting] strategic raw materials and commodities be granted under the presidential authorization (by virtue of an edict which has not been published, because it was "not for print"). As of today, nobody but the president can give a license for [exports of] lumber, fertilizers, or weapons. Today the stream of money into portfolios for certain types of armaments has been halted. Many do not like this. As long as there is no resolution from a commission created by me under the Security Council from people whom I especially trust, and as long as the prices are not examined and I am not informed about them.... We recently sold a batch of arms. I did not sign a license until I was told the price of a machine gun we were to sell, and until I was certain that the item is being sold at significantly lower prices in international trade. It is also impossible to adopt a resolution on state property without the president.

Therefore, we are trying to combat corruption in every possible way, but, believe me, this is a very difficult task while being encircled by certain states. Incidentally, Ford — who [as published] has created the first ever joint venture on the territory of Belarus — told me the following: We are attracted by the lack of mafia structures and by the political stability in your country. I asked him: And what about those opinions asserting that the Communists have come to power in the parliament here, and that the president is clinging to certain ideas? "We are not interested in your ideas. We need stability and calm in order not to lose our capital," he answered.

[Svirko] And the third point?

[Lukashenka] It is surely known by everybody — economic integration with the Russian Federation and other republics of the former Soviet Union.

These are three problems which were written in my election program. Let us analyze, first of all, these three problems, and next, as usual, those that were not written.

Doing something about those three points written in your program does not imply that you will not be asked about other issues. We can analyze other problems as well.

At any rate, the political system has been changed: authority has been recouped from nothing; a rigid vertical structure has been created, although it is performing poorly for the time being. In the near future, an edict will be issued on the completion of the process of creating local bodies of representative power. The number of soviets will be reduced — we are not so rich. I think that it will be quite sufficient for us to have the Supreme Soviet along with soviets of the rayon, oblast, and city — like in Minsk or Borisov — level. All the rest is unnecessary confrontation [sentence as published].

The Constitution allows us to conduct such a reform today. It seems that we were able to establish political power within a year. The main thing, however, is that we have preserved peace in our society.

[Svirko] Let us return, however, to the third point. What about the second stage of economic union with Russia?

[Lukashenka] This is the top issue, which is being controlled by the president. Experts have elaborated appropriate documents. Regarding the single pricing policy, the Government of the Russian Federation has made prices for Belarusian exporters virtually the same as in Russia. As far as I am informed, there are attempts to increase prices for Russian consumers at the expense of this policy, so as to say: Well, we are now working in equal conditions. If this is to be accomplished in this way, and conditions become equal (enterprises will not be subsidized, that is, they will not be given budget grants equal to what they paid in), then let it be so. But if not, then this will upset our concept. However, for the time being, these are only attempts on the part of individual ministries and departments.

Due to the governmental crisis in Russia — it is because summer is not a season for politics — we observe a certain hampering during the second stage. Regarding prices, we did not possibly receive what we wanted, but still we are receiving more than other republics of the former Soviet Union. Therefore, there is no reason to complain. On the other hand, I will surely urge the complete implementation of all agreements between Belarus and Russia.

[Svirko] In St. Petersburg you seemed to express a possibility for political integration between both countries, even for the creation of a confederation....

[Lukashenka] I did not mention confederation at all! We should proceed from actual life. We should not mold a form of our relations in advance, and then cram the

entire variety of our relations into it. We will proceed from actual life: restoring normal relations, trade.... Let accept the form to which life will lead us. Then we will finally legalize it with appropriate legislative norms and acts. Possibly, it will be neither confederation nor federation, but a union much closer than the former one. I do not know about this yet. Let us proceed, however, from actual life.

I do not know why journalists have recently begun discussing the problem of a leader of some unified state. I will tell you: If they in Russia feel that a leader of that unified state will not come from among well-known Russian politicians, then there will never be any unification. Therefore, you do not need to write about it at all. It is harmful, it is harm done to our Republic. You put me into a head-on collision with Russian politicians.

This was mentioned for the first time by one tabloid. Then it was your paper which picked up this news. This is sheer absurdity. How is it possible to assert today that Lukashenka will be president of that unified state? There is no such state, and it will hardly appear in my lifetime. I am satisfied with the country where I have been already elected president — completely satisfied!

Hryb: Any Union With Russia is Long Way Off

LD1407202195 Moscow iNTERFAX in English
1735 GMT 14 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zhrebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Below is the second part of an interview Belarussian Parliament Speaker Mechyslaw Hryb gave to INTERFAX news agency on the occasion of five years since Belarussian independence.

[IF] All Belarussian leaders have been talking about the need for closer ties with Russia in the past five years. What do you make of the state of bilateral relations over the period?

[Hryb] I have always been supportive of the idea of priority cooperation with Russia, especially in the economic area. My position remains unchanged.

Belarus is a net importer of Russian energy and raw materials and 70% of its exports is oriented at Russia.

Attempts by the previous government (led by Vyacheslav Kebich - IF) to try to forge a monetary union with Russia played a highly negative role. Numerous statements saying the union was just round the corner had put a freeze on our industry and trade. Industrial plants had stopped buying raw materials in the hope of purchasing them at a lower price when the union was

formed and held on to their products hoping to sell them at a higher price.

The economy was stalled for a year because of expectations of a monetary union of Moscow, but no one has ever calculated the damage sustained.

I have never held with the idea of a ruble zone and never believed that one can be created. The Russian government made it clear, and justifiably too, that any monetary union would lead to the forfeiture of Belarussian sovereignty.

But I am all in favour of the customs union the two countries signed during President Boris Yeltsin's visit to Minsk early this year. Our parliament ratified the deal in spite of a number of uncertainties entailed.

Belarus has to review its customs tariffs and provide a long-term protection of the Russian market, something that is not at all to the country's benefit. Belarus which does not make its cars is interested in imports of western cars which are of superior quality than Russian-built cars. But we have to think about our partner's interests by raising import tariffs on western cars.

[IF] What is your attitude to the idea of a political union between the two countries?

[Hryb] Generally speaking, I am not opposed to such a union provided it is fair and free. But as it is now, any union with Russia is a long way off.

[IF] How real, do you think, is the idea of a Pan-Slavic union?

[Hryb] It is neither realistic nor feasible at the moment. As far as I know, none of the leaders of Slav countries such as Poland, Czechia or Slovakia has spoken in favor of uniting into one country.

They prefer instead to cooperate and live in peace and friendship with each other, but remain independent.

[IF] Don't you think that parts of the country's independence declaration are out of date now?

[Hryb] No.

[IF] Belarus appears to be undergoing a parliamentary crisis. Because of a low turnout, a new parliament is yet to be formed while the president considers the incumbent one to be illegitimate. As Alyaksandr Lukashenka recently said that "as a matter of fact, the country has no legislature". What do you make of the situation as it is now?

[Hryb] Any statement about the illegitimacy of the Supreme Soviet is groundless.

Lukashenka's statement that the so called illegitimate parliament will be allowed to gather only in emergency is contradictory in itself. If he thinks the Supreme Soviet must not be allowed to handle day-to-day issues, why must it be legitimized in emergency?

The president spoke of being shocked over its decision to gather for a session on September 5. But it is quite lawful. The constitution says the parliament resigns as a new one convenes for its first session.

The government is seeking to be vested with the right to write laws or issue decrees. It would be impossible to vest the head of state with such powers even if the parliament wanted to do so because no one is allowed to violate the country's basic law.

Movement Wants Belarus Out of NATO 'Partnership'

WS1707084695 Minsk Radio Minsk Network
in Belarusian 0300 GMT 17 Jul 95

[FBIS Translated Text] The National Council of the Movement for Social Progress and Justice has adopted a declaration calling on Belarusian President Alyaksandr Lukashenka to stop Belarus' participation in NATO's Partnership for Peace program, because our Republic is an accomplice in the aggressive plans aimed against the fraternal peoples of Yugoslavia. The organization believes that the Belarusian leader should publicly condemn the armed interference in the affairs of the Yugoslav peoples.

BNF Congress Reappoints Paznyak as Leader

WS1407140395 Minsk VECHERNIY MINSK
in Russian 11 Jul 95 p 1

[Report by Vasily Stepanov: "BNF Congress: No Sensations"]

[FBIS Translated Text] On Saturday [8 July] in Minsk, the second session of the Fourth Congress of the Belarusian Popular Front "Revival" [BNF] continued its proceedings. The session was addressed with a report on the past period's activities by Zyanon Paznyak, chairman of both the BNF movement and the Party of the BNF.

It should be noted that not all of the delegates agreed with assessments and opinions of their leader regarding the reasons of the failure in the first stage of the elections to the Supreme Soviet, as well as of other recent failures. Syarhey Antonchyk, a member of the BNF Council, presented in essence an alternate report expressing his view regarding the processes currently under way within the BNF and the activity of the BNF leader. The blame for a deep crisis in the BNF, in his

opinion, should be laid on its leaders, who were carried away by political struggle and stepped aside from their basic tasks. Therefore, it is necessary to divide the BNF functions into those of a broad movement and a political party. It was also proposed that the BNF movement should be headed by [BNF Deputy Chairman] Yuri Khadyka, while the Party of the BNF should be headed by Zyanon Paznyak. However, there were no sensations.

Not all of the delegates concurred with this point of view; therefore, only elections of the BNF movement leader were held. There were three candidates on the secret ballot: Z. Paznyak, Yu. Khadyka, and V. Hrytsuk. Zyanon Paznyak was reelected chairman of the BNF and, at the same time, chairman of the Party of the BNF.

Moldova

Ukraine Agrees To Mediate in Dniester Dispute

LD1407194395 Kiev UNIAN in Ukrainian
1520 GMT 14 Jul 95

[FBIS Translated Text] Mogilev-Podolskiy — Moldova has received a positive reply from Ukrainian President Leonid Kuchma to its appeal for Ukrainian mediation in the Moldova-Dniester dispute, Aurelian Denile, Moldovan first deputy minister of foreign affairs, told UNIAN in an exclusive interview.

The appeal, signed by Moldovan and Dniester Presidents Mircea Snegur and Igor Smirnov, contains a request for a Ukrainian peacekeeping force to assist dispute resolution.

Denile said that President Snegur has written to President Kuchma thanking him for his support and assistance.

Call For Support of 'Healthy, Centrist Forces'

AU1507133295 Chisinau INFOTAG in English
1840 GMT 13 Jul 95

[FBIS Transcribed Text] Chisinau, INFOTAG, 13/7/1995 — Moldova's President Mircea Snegur called upon the citizens to "support healthy centrist forces of the society". In a radio address to the people, made public on Thursday [13 July], Mr. Snegur stated that social and economic developments in the country have a distinct tendency to conceptual changes unfavorable for the process of democratic transformations.

"Forcible carrying out of a number of initiatives clearly hostile to the common interests involved the republic into a discussion on purely scientific issues, which leads the society to a division by professional and national criteria. It is easy to foresee the consequences of that.

They might be more grave than some people could imagine, because they coincide with growth of justified discontent of the population, which is explained by a difficult situation of the majority of the people, and by salaries and pensions payable", Mr. Snegur said.

"Against such a background I have to state my point of view and to request your advice and support", he continued.

The president stressed that, having been in the center of political events in the republic since 1989, he made everything possible to firmly establish Moldova as an independent state, to secure peace and stability on the basis of democratic and economic reforms.

Mr. Snegur said that he always felt support of the people for his activity. This is true today, too, which is proved by a proposal to start a discussion on pressing problems of the society, made by a group of citizens who understand, share and support the presidential policy.

"In fact, that would be a decisive step towards consolidation of all the healthy, centrist forces aimed at spiritual revival and real transformation of socio-economic life of the republic. We do not have the right, we cannot allow to split the society", the president said.

"We do not have other way out of the deadlock, having paid a minimum social price, but to count on healthy centrist forces of the society", Mr. Snegur noted, having called the compatriots "to support initiative of a group of citizens, who are determined to consolidate forces promoting real values".

As INFOTAG was told by sources in the president's office, Mr. Snegur's address is connected with a meeting, scheduled for Saturday, July 15, of a group of well-known public figures, who intend to create a new pro-presidential party after the head of state have quitted the ruling Agrarian-Democratic Party of Moldova.

Legislator: No Electorate Free for New Snegur Party

AU1507201195 Chisinau BASAPRESS in English
2107 GMT 13 Jul 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 13/7/1995 — "President Snegur is not interested in Moldova's reintegration. This fact perhaps denotes his unwillingness to let the Dniester electorate participate in the next presidential elections," Piotr Shornikov of the Socialist Unity (SU) faction stated today at a press conference held by the SU.

Referring to statements on a possible parliamentary crisis, Vladimir Solonari stated that if some agrarians leave

the PDAM [Democratic Agrarian Party of Moldova] for a new party, there will still be a parliamentary majority that will comprise the socialists as well. He said such an agreement was reached "during confidential negotiations with certain PDAM leaders."

Valentin Krylov noted that although some PDAM members might join forces with a new party to be headed by President Snegur, "all significant portions of the electorate are occupied, so that the future party will not have much influence."

Krylov said the government acts mainly independently from Parliament. "Most parliamentary resolutions are not carried out in time," said Krylov, mentioning that "the Constitution does not allow the dismissal of a single minister, but rather that of the whole body of the cabinet." Asked about the Council of Europe's and other international organizations' attitude toward a possible referendum on linguistic issues, Solonari said certain "confidential sources" regarded the referendum as "a solution." He refused to specify if these sources are from the Council of Europe or other international institutions.

Socialist Unity: Risk of 'Catastrophic Development'

AU1407155095 Chisinau INFOTAG in English
1840 GMT 13 Jul 95

[FBIS Transcribed Text] Chisinau, INFOTAG, 13/7/1995 — A stable and lasting majority will be preserved in the Parliament of Moldova, representatives of the "Socialist Unity" faction stated at a news conference in Chisinau on Thursday [13 July]. By their assessments, despite all the difficulties of the last year, it was fruitful from political point of view: A new parliament had been elected, a new Constitution had been adopted, Moldova consolidated its authority within the international community, and a number of important laws, including the Gagauzia Status Act, had been passed. But, as the Chairman of the Parliament's Committee on Human Rights and National Minorities Vladimir Solonari said, there are political forces, which are striving for deepening of the crisis. In the opinion of the "Socialist Unity," those forces do not act in the interests of the people, and a compromise is needed against the background of the current split between the President and the PDAM [Democratic Agrarian Party of Moldova].

"Creation of a presidential party is the business of the President himself and of those who would join that party. We would not like to comment so far on possible consequences of that move," Mr. Solonari said. He did not exclude that a small part of the PDAM parliamentary faction would break the party line and move to the Snegur's party. Mr. Solonari confirmed that his faction is ready to continue cooperation with the majority

faction. The Parliament will keep working normally, and will not change its attitude towards economic reforms and strengthening Moldova's independence and sovereignty, "Socialist Unity" believes. According to Valentin Krylov, another representative of that faction, new presidential party would hardly become a serious political force. "Our faction is categorically against breaking stability in society. If the President is engaged in political struggle, it is quite normal, but that must not undermine social stability", Mr. Krylov said. "We know that there are people in the presidential entourage pushing him towards a conflict with the Parliament... A catastrophic development of the events is possible, but we hope that it will not happen", declared Mr. Solonari.

In deputy Peter Shornikov's view, after summer of 1992 the President shows no vivid interest to reintegration of Moldova. "Probably, he simply does not want that the Dniestrians participated in presidential elections", Mr. Shornikov claimed.

"Socialist Unity" parliamentary faction carries out consultations with the deputies from the Agrarian-Democratic Party faction, which supported legislative initiative on organizing a nation-wide referendum on the name of the official language of the country. Addressing a news conference in Chisinau on Thursday, representatives of "Socialist Unity" faction said that although all the 28 members of that faction signed the request to discuss the issue in the Parliament, they still believe that there is another way to resolve the problem, that is to organize a poll in the republic on the language issue. Deputy Vladimir Solonari admitted that this would imply some moral aspects, in particular, related with participation of Russian-speaking population in a poll on "Moldovan-or-Romanian" issue. "But we must not forget that the Constitution exists, and we all, the citizens of the Republic of Moldova, are equal in the face of the law... However, there are statistical techniques allowing to calculate how the majority of the whole population voted and what was the option of the Moldovans themselves", Mr. Solonari said.

PDAM Deputies Desert Party Over 'Vicious' Practices

AU1507172895 Chisinau BASAPRESS in English
2030 GMT 14 Jul 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 14/7/1995 — Today 11 PDAM [Democratic Agrarian Party of Moldova] deputies announced the termination of the PDAM membership upon the conclusion of

the parliamentary sitting. According to a statement made public by deputy speaker Nicolae Andronic, one of the PDAM defectors, the abandonment is due to the PDAM's "increasing alienation from the originally declared principles." "The revision of objectives as manifested in the irresponsible efforts to discredit the land reform and block the legal framework for the judiciary reform and the linguistic law, as well as more aggressive politicization of the legislative initiative on the correct name of the official language are a dangerous and vicious practice," says the statement. "The organization of vast campaigns of misinformation, intimidation, and manipulation of the public opinion aims at increasing the gap between various social classes."

The deputies who abandoned the PDAM noted that "all efforts to demand that the PDAM leadership and parliamentary faction should return to the statutory and program principles" gave no results. They emphasized that they will continue "to act with the same responsibility for the good of the republic oriented toward democracy, statehood, independence, and development." "We will stay loyal to our electorate, especially the peasants, who voted for us to represent them and protect their interests. By all our efforts and abilities we will stop the PDAM leadership's selfish ambitions, like those displayed in the distribution of state loans to ease the critical situation caused by natural calamities. Also, we will cooperate with all well-intentioned forces of our Parliament to counter any attempts to establish a central dictatorship on local governments; we will resist any attempts to revise the reform course, will militate for Moldova's integration in the European values system, and will fight back any ambitions to divert public opinion from central social problems to conflicts of interests and to stir up linguistic speculations or ethnic conflicts," says the statement signed by deputies Andronic, Livitchi, Suruceanu, Paladi, Ungureanu, Arteni, Platon, Grabovschi, Eugen Rusu, and Tcaciuc.

Asked whether the PDAM abandonment will fortify the left extreme in Parliament, Andronic said: "We have no purpose to strengthen either of the extremes, we just made our political option public." Andronic did not rule out the possibility that he may resign from the post of deputy speaker from his own or Parliament's initiative. He rejected the reproach of being unthankful to the PDAM, by saying that "the deputies serve the people and not a party."

Kazakhstan

Almaty Hosts Regional Transportation Conference

MM1707104795 Moscow RABOCHAYA TRIBUNA
in Russian 14 Jul 95 p 3

[Unattributed report: "Trains Will Go to the Indian Ocean" — from the "Commonwealth" section]

[FBIS Translated Text] Almaty — A conference of the group of experts on the implementation of the plan for the development of the Economic Cooperation Organization [ECO] countries' transport system was held in Almaty. It comprises transport chiefs and specialists from the countries of the Asian region, which covers an enormous expanse of territory from the Balkans to the Himalayas. The presence of a modern, developed transport and communications system is one of the main conditions of integration processes in the region, Kazakhstan's Transport and Communications Minister Serik Aliguzhinov stressed, opening the conference.

The states of Asia are working hard to implement the plan, adopted in October 1993. The representatives of Iran and Turkey announced that the joint construction of the "Mashhad-Tedzhin" section will soon be completed, which will make it possible to open the "Beijing-Almaty-Tashkent-Tehran-Istanbul" railroad.

Deputy on Negative Impact of Draft Constitution

LD1507170795 Almaty DELOVAYA NEDELYA
in Russian 7 Jul 95 p 2

[Interview with Deputy Tatyana Kvyatkovskaya, deputy chairperson of the State Committee for Anti-Monopoly and Price Policy, by correspondent Viktor Verk; place and date not given under the rubric: "Tatyana Kvyatkovskaya: I am ready to join the new parliament"]

[FBIS Translated Excerpt] [Verk] Tatyana Grigoryevna, do you agree with the assessment that the draft constitution, which appeared in the press in recent days, is conducive to the formation of an authoritarian regime in the country?

[Kvyatkovskaya] It is basically all the same to the people whether this is a presidential republic or some other kind. The people need to have the possibility of earning enough to live on. It is clear that for the majority of the population the economic situation is what is most important.

Let us look at the emerging economic prospects given the political system set out in the draft constitution. Today, the government asserts that there are certain stabilization processes, but in my view this is completely invisible. [passage omitted] No owners have appeared here yet because the main stage of property reform, the

privatization of enterprises, has not yet been completed, in other words, the fundamental market trends have not yet taken root. This means that there is a very high likelihood of moving away from market economics and returning to the period of administrative directives and rigid planning. Certain symptoms of this are now apparent.

[Verk] For example?

[Kvyatkovskaya] Demonopolization is de facto not taking place in our country, and every member of our committee will tell you that. All the demonopolization projects that are worked out here are implemented either not at all or only partly, which is worse. It follows that the president's hope of achieving the same kind of socioeconomic background in Kazakhstan as exists in states with a rigid authoritarian system are very illusory. On the other hand, the return to totalitarianism is a real possibility, and will not depend on the wishes of a specific person, even if he is the president. [passage omitted]

Another section of the constitution that may have a real effect on all members of society is that dealing with judicial power. The authors of the draft regard this chapter as just about their best achievement.

But in my view, the very important promise of independence for judges has disappeared from the text. Although the wording of the articles looks all right as a whole, the disappearance of the word "independence" is a very alarming symptom. Our courts have never been especially independent, but lately they have begun to stir. But now that a mechanism for judges to be appointed by the president has appeared, we could be deprived of the highest instance, which still remains a kind of counterpoise or balance.

[Verk] Many lances have been broken over the new version of parliament. As someone who was directly involved in the fate of the last Supreme Council, I think you must have something to say about the future of Kazakhstan's parliamentarism.

[Kvyatkovskaya] In my view, the new parliament will be purely decorative. Even if independent-minded people make it into the lower house, they will have very little chance of presenting their point of view.

Such a parliament will naturally not be a long-lived one. It will contain people who have been carefully hand-picked by the local executive authorities. The way the law is applied during elections is now no secret to anyone. Even if they manage to make some amendments to the electoral legislation, most things will remain unchanged.

Since we cannot expect any particular upsurge in public political activity, the people who enter parliament will again look to the president in expectation that he will hand out the prizes — cushy jobs, preferential-term credits, and the like.

[Verk] But the president wants something fundamentally different — self-sacrificing legislative work.

[Kvyatkovskaya] I have always had a sympathetic view of Nazarbayev. On the one hand, Nursultan Abishevich has been showing clear signs of a De Gaulle complex lately, while on the other, he likes straightforward and direct people who can say uncomfortable things to his face. I have absolutely no idea why such people are not around him, in his team. [passage omitted]

[Verk] It is true that we have no opposition today. But you can see that the draft constitution, which incidentally has been produced by the president's close entourage, does not provide any answer to the question of what we intend to create.

[Kvyatkovskaya] This is the most important problem. All small defects can be corrected, but under such a political regime it is very difficult to expect any democratization of the economy. It will be very difficult to move to the market with the new constitution. Although Nazarbayev himself will do everything he can to achieve this, it is the same bureaucracy that will have to implement his plans.

[Verk] It turns out that the draft constitution was written for one specific person, Nursultan Nazarbayev, however much the president might deny this.

[Kvyatkovskaya] This is undoubtedly true. If, God forbid, something happens to the current president, the state will collapse like a house of cards.

The fact that this constitution has been designed for one specific person is another of its defects. After all, the more absolutism there is in the country, the more fertile the soil is for separatism and the accompanying centrifugal tendencies. It was not for nothing that in one of his speeches the president called the constitution transitional. I think its true lifespan will be two years. [passage omitted]

Dissident Kyrgyz Muslims To Elect Own Leader

LD1607165795 Bishkek VECHERNIY BISHKEK
in Russian 12 Jul 95 p 1

[FBIS Translated Text] A revolutionary situation has developed among the faithful Muslims of Kyrgyzstan. Opposition to the Spiritual Board of Muslims of Kyrgyzstan has formally taken shape in the form of an organizational committee made up of prominent and re-

spected believers. As the media have been told, the organizational committee intends to hold a meeting on 15 July. Over 10,000 signatures of the faithful have already been collected in support of the meeting.

The spark of resentment broke out several years ago, when the local clergy decided to separate from the Central Asian Spiritual Board of Muslims. Sovereignty gave them the right independently to elect a mufti. Dependence on Tashkent [seat of Central Asian Spiritual Board of Muslims, in Uzbekistan] in terms of personnel issues disappeared.

The opposition thinks that the subsequent elections were held under virtual cloister conditions. The mufti was elected by a few hundred young students studying on month-long courses in Bishkek. K. Abdurakhmanov became mufti of the Muslims. The overwhelming majority of the believers could not express their will, and accepted the appearance of a new leader post factum. Therefore, as the organizational committee members stated, the present mufti is not legitimate.

Apart from this, there are a good number of purely material claims on the Spiritual Board. Believers are unhappy with the slow pace of building a central mosque in Bishkek, despite the fact that the Saudi Arabian clergy has invested huge amounts of money in hard currency in the construction, and that local businessmen have donated quite a lot, too. The muftiate does not keep its books up to date. It is not possible to check the movement of funds at all.

The last straw was the much-discussed Hajj to Mecca and Medina this year. In several articles, our newspaper recounted the pilgrims' sufferings, how various swindlers extorted money from them. We will remind you that the trip to Saudi Arabia was organized this year by the Spiritual Board, and that the board was fully responsible for the conditions of the trip. At its meeting, the organizational committee is to submit to the delegates a review of the charter, a check of the financial and economic activities of the muftiate, and the election of a council of learned theologians to have the authority to make decisions on all issues, including those concerning personnel. It is expected that the council is to have the right to appoint and dismiss the main Muslim [mufti] of the republic at its own discretion.

The experience of secular life shows that organizational issues always give rise to stormy debates, which are sometimes sorted out by nonparliamentary methods. Of course, believers are more disciplined — but you never can tell.

May God, the almighty and merciful, save you from extraordinary events!

Progress of Oil, Gas Privatization

LD1407163495 Almaty PANORAMA in Russian
8 Jul 95 p 8

[FBIS Translated Text] In the last two years, within the framework of the second stage of the National Denationalization and Privatization Program in 1993-1995 in the oil and gas sector, 114 out of 146 enterprises have been transformed from state enterprises into joint-stock companies, four enterprises have been handed over to the ownership of the work forces, while the remaining 28 enterprises are not subject to privatization at this stage. In the Munaigaz [Oil and Gas] company system, 20 out of 31 enterprises have been transformed from state enterprises into joint-stock companies under the mass privatization program, seven enterprises are not liable to the privatization, and the rest are waiting for their turn.

The State Property Committee last year conducted a tender among foreign consulting firms to take part in privatizing four joint-stock companies. Thus, a consortium of French firms will help to draw up plans for privatizing the joint-stock company Tengizmunaygaz [Tengiz Oil Gas] and selecting foreign investors for it, the famous American firm Price Waterhouse — for the Shymkentnefteorgsintez [Chimkent Oil and Organic Synthesis] joint-stock company and the Yuzhneftegaz [Southern Oil and Gas] joint-stock company, and the Daynak group (France) — for the Karazhanbasmunay joint-stock company.

Fourteen enterprises in this sector are to be privatized as individual projects this year, and domestic consulting firms will try to take part as well. Consultants have already been found for the Aktyubinskneft [Aktyube Oil] joint-stock company, the Pavlodar Oil Refinery, and the Kazakhstankaspiyshelf [Kazakh Caspian Shelf] state company.

Mechanical engineering enterprises (the Neftegazmash — Oil and Gas Mechanical engineering — joint-stock company and the Petroshevskiy joint-stock plant) are being privatized under the programs of the corresponding regional state property committees. The Atyrau Oil Refinery is currently actively seeking investors that are ready to buy up part of a state block of shares.

PANORAMA Reviews Oil, Gas Reserves

LD1607164995 Almaty PANORAMA in Russian
8 Jul 95 p 8

[FBIS Translated Text] PANORAMA offers its readers an analysis of the oil and gas reserves in all regions of Kazakhstan and the prospects for their development.

According to the data of the Ministry of Geology and Protection of Underground Resources, Atyrau is the undisputed leader in terms of oil reserves out of all the regions of Kazakhstan. It is the republic's major, and oldest, oil- and gas-extracting region. At present there are 75 known deposits in the region, with prospected commercial reserves of 929.2 million tonnes of oil. Currently 39 deposits with reserves totalling 846.1 million tonnes are being developed. Another seven oil fields have been prepared for development, with total commercial hydrocarbon reserves of 9.53 million tonnes. Some deposits have now been capped, and they too, have quite substantial reserves.

The region's oil reserves do not even stop there. Prospecting of another 24 deposits is continuing. The geologists are already certain that there are over 50 million tonnes of oil there.

All this oil abundance is to be explained by the fact that Atyrau Region lies in the zone of the Caspian oil and gas basin, considered to be one of the most promising in the world in terms of hydrocarbons. Last year about 4 million tonnes of oil were extracted in the region, or about 18 percent of all oil extracted in the republic.

The largest deposits are Tengiz (with initial recoverable reserves of 781.1 million tonnes), Korolev (55.1 million tonnes), and Kenbay (30.9 million tonnes). The Tengiz and Korolev deposits now belong to the joint-stock company Tengizchevroil, which as a result, is the leader in oil reserves in Kazakhstan, controlling 33.7 percent of all deposits in the republic. However, owing to known circumstances, Tengizchevroil was able to extract only 1.4 million tonnes in 1993, or 7.6 percent of all extraction in Kazakhstan.

It is important to note here that the Tengiz and Korolev deposits are located under the salt level. This is a comparatively new trend in the oil industry. Extraction used to take place mainly above the salt level, where a number of deposits have been opened recently — Kenbay, Krykmylyk, Sasankuyryk, and others.

Geologists are talking with a fair deal of confidence about the possibility of opening up new deposits under the salt level in the southeastern part of the Caspian depression. In addition, it is likely that large oil and gas deposits will be opened up on the Caspian shelf. The Kaspiyshelf consortium is engaged in seeking these deposits, and virtually all geologists think this work is promising.

Atyrau Region, one of the most socially underdeveloped regions in the republic, is thus potentially one of the richest in Kazakhstan, even if the most optimistic forecasts do not come true. Against this background, the

interest being shown in the region by foreign business representatives — the Oman Oil Company, Amoco, and Snow Leopard Resources — is natural. The joint-stock companies Tengizchevroil, Kazakhstan Turkmunay Ltd, the Kazakhstan-Hungarian venture Embavegyoil, and the Kazakh-Cypriot Gural joint venture. Investment in the region's oil and gas sector this year will be \$121.7 million, making it the incontestable leader of all regions of Kazakhstan.

Some people in the oil industry think that the undoubtedly justified interest in this region sometimes hinders foreigners from paying attention to other promising regions of the republic.

Mangistau Region, adjacent to Atyrau, is another leader: 66 deposits were opened there by the beginning of this year. It is true that only 27 are currently being developed. They have recoverable commercial reserves of 724.8 million tonnes of oil, 172.3 billion cubic meters of gas, and 5.6 million tonnes of gas condensate. The well-known Uzen, Zhetybay, Kalamkas, and Karazhanba deposits, where 504.5 million tonnes of oil are concentrated, are located in this region. Seventy-five percent of all the oil extracted in Kazakhstan since the oil and gas industry began developing has come from Mangistau Region.

However, oil extraction volumes have been falling in Mangistau Region recently. The specialists attribute this primarily to the decline in oil extraction at the Uzen deposit. According to some geologists, this was caused by the well-known disruption of production-sector ties that followed the collapse of the USSR. Meanwhile, according to many specialists such as Saylay Zhylykaydarov, head of the Oil and Gas Department at the Ministry of Geology and Protection of Underground Resources, the Uzen deposit is in need of an overhaul. It is far from finished — it has over 210 million tonnes of oil that even now, after many years of exploitation, allows Uzen to be categorized as a large deposit.

Twenty-two prospected deposits (14 oil deposits with reserves of 297.7 million tonnes and eight gas deposits with reserves of 6.35 billion cubic meters) have been put up for tender in Mangistau Region.

West Kazakhstan Region, too, is rich in hydrocarbons. It has 13 known deposits: one of oil, seven with oil and gas condensate, and the other five still being prospected.

However, this region's hydrocarbon potential is not yet being developed very actively. Karachaganak is the only oil and gas condensate deposit that is being exploited, although its recoverable commercial reserves of oil alone are 196.8 million tonnes, not counting other likely reserves. It has recoverable reserves of 631.3 million

tonnes of gas condensate and 1.4 million cubic meters of natural gas. All these figures are very substantial and make it possible for West Kazakhstan to be counted as one of the most promising regions for hydrocarbon extraction.

This is why many serious companies are interested in the region: British Gas, Agip, the Gazprom joint-stock company, and the Kazgas state holding company have obtained licenses to develop the Karachaganak deposit.

Sixteen oil fields have been opened up in Aktyube Region (with commercial reserves of 226.5 million tonnes). There are four oil and gas condensate deposits with reserves of 144 million tonnes and five natural gas deposits. Geologists assess the region as being very promising: It is estimated that there are another 1.5 billion tonnes here. Zhanazhol, one of the most promising deposits, is located in the region.

Foreign companies are becoming involved in the development of the region's oil and gas resources, in particular the French Elfneftegaz. The company's difficulties last year do not seem to have dampened either its enthusiasm or that of other foreigners: Japanese, Turkish, American, and German companies (and it is rare for the Germans to have a business presence in the Kazakh oil and gas sector) are displaying an interest in working in Aktyube Region. Negotiations are even under way with the Spanish company Pencol. Total foreign investment in Aktyube Region for 1995 will be \$51 million.

Apart from the west of Kazakhstan, there are major hydrocarbon deposits in the southern region. There are forecast and recoverable reserves of an estimated 250-300 million tonnes of oil and over 100 billion cubic meters of gas just in the Arysium basin area of Kzyl-Orda Region. The large Kumkol deposit that, although located in Dzhezkazgan Region, is on the books of Kzyl-Orda Region state administration, has 89.4 million tonnes of oil and 8.75 million cubic meters of gas.

Total commercial oil reserves in Kzyl-Orda Region, not counting the Kumkol, Ashchisay, and Maybulak deposits, come to over 55 million tonnes. But in this region, too, perhaps the major problems arise out of the shortage of funds in the republic's geological and oil sectors. Geological prospecting work at a number of promising deposits has either halted or is taking place at a very slow pace. At a number of deposits such as Akshabulak, Aksay, Nuraly, and Maybulak work was practically frozen in 1993-1994 due to Kazakhstan's lack of funds of its own, as well as insufficient foreign investment.

The Aksay-Akshabulak zone of South Kazakhstan Region is thought to contain 200 million tonnes of oil and

93 billion cubic meters of gas. Geologists guess that there are another 22 million tonnes of oil and 21 billion cubic meters of gas in the southwest of the region. The main expectations, however, are placed on the Chusarysuy basin, where large gas reserves are predicted.

When the Kumkol deposit mentioned above was opened up, a new oil-extracting area in Kazakhstan was developed: Dzhezkazgan Region. In the late 1980's the Maybulak deposit, with oil reserves of 4.6 million tonnes, was opened up in the same region. However, most of the region's territory has not yet been adequately surveyed.

The situation in Torgay Region is similar: Exploration work has been done showing a number of signs that there is oil and gas there. On the basis of this, the forecast resources of the region are estimated at 180 million tonnes of oil and 60 billion cubic meters of gas. So far, however, not a single deposit has been opened up here.

There several such regions in Kazakhstan. For example, there is Kokchetau Region (with forecast resources of up to 40 million tonnes of oil), Kustanay Region (with 230 million tonnes of oil and 10 billion cubic meters of gas), North Kazakhstan Region (with between 54 million and 96 million tonnes), and Akmola Region (with 150-200 billion cubic meters of gas). Let us stress, however, that we are only talking about forecasts, while according to the geologists, the luck factor in oil and gas prospecting is hard to predict. It can happen that even when it seems that all the preconditions for an oil deposit exist, nothing is found when drilling takes place. The so-called direct methods of oil exploration have been being developed for 30 years now, but are still at the experimental stage.

Karaganda Region is Kazakhstan's outsider as regards oil extraction. The possibility of finding commercial accumulations of oil is ruled out because of the region's geological characteristics. There are, however, large reserves of gas here — up to 300 billion cubic meters — the development of which could help resolve the problem of supplying gas to the central regions of Kazakhstan. A similar situation exists in Dzhambul Region, where the prospected gas reserves are 17,366 [figure as published] million cubic meters, and the forecast reserves are 170 billion cubic meters. In May 1995, a contract was signed for the development of the Amangeldy gas deposit by the Turkish company Okan Holding and the Kazakhstan joint-stock company Dosbol.

As for the Pavlodar, Taldy-Kurgan, East Kazakhstan, Almaty, and Semipalatinsk regions, geologists guess, with varying degrees of reliability, that they contain oil reserves. However, it will take immense funds to ex-

plore and develop them. Comprehensive oil prospecting across such a swathe of territory was impossible even when the USSR existed. There is thus even less point in relying on it to happen now, given current levels of funding for geological prospecting.

Kyrgyzstan

Journalists Accuse Authorities of Pressurizing Media

LD1407152195 Moscow INTERFAX in English
1317 GMT 14 Jul 95

[FBIS Transcribed Text] BISHKEK, July 14 (INTERFAX) — The chairman of the Kyrgyz journalists' union has accused the authorities of putting pressure on the media. Abdukadyr Sultanbayev was speaking at an international seminar of journalists of Central Asia in Bishkek Friday [14 July].

Bishkek's Leninskiy district court on July 11 sentenced the editor-in-chief of the Republic newspaper, Zamira Sydykova, and her deputy, Tamara Slashcheva, to 18 months in prison for "slandorous publications insulting the honor and dignity of President Askar Akayev." The sentence was suspended for one year. The journalists were also barred from professional activity for two years.

Sultanbayev said the measures against his colleagues were very harsh. However, he agreed that the newspaper published stories without documentary confirmation.

Sydykova told INTERFAX that was the first case in Kyrgyzstan when courts themselves did not know how to limit journalists' activities. Sydykova said that she and her colleague had not been dismissed from their posts and the newspaper had not been closed down. "Apparently we have no right to sign articles with our names," Sydykova said.

She pointed out that the newspaper was a private edition and would continue to be published.

The convicted journalists are to appeal to the Supreme Court and ask for a qualified interpretation of the sentence. "A journalist's job is not confined to writing. It also implies newspaper editing and publishing, too," Sydykova said.

Journalists from other local publications questioned by an Interfax correspondent have described the court's decision as illegal. However, they agreed that journalists must bear responsibility for publishing untrue stories.

The Republic newspaper is published in Bishkek and has a circulation of 7,000 to 10,000 copies. Most of its articles concern the activities of top Kyrgyz officials.

PRAVDA Comments on Journalists' Conviction

MM1407142595 Moscow PRAVDA in Russian
14 Jul 95 pp 1-2

[Article by Yuriy Razgulyayev: "Journalists Sent to Jail. Reflections on a Trial"]

[FBIS Translated Text] Bishkek — Another trial involving journalists has come to an end in Bishkek. This time the independent newspaper RESPUBLIKA was the defendant and Citizen [President] Askar Akayev the plaintiff.

PRAVDA has already reported on the crux of this case. The sharply uncompromising newspaper published a letter from the residents of a Bishkek apartment bloc. In the courtyard of this building a site had been allocated for the construction of a personal house for the republic's president. But first garages and other economic buildings belonging to the tenants had to be demolished.

Since they had been built quite legally, the tenants greeted this decision without enthusiasm, to put it mildly. And, to run ahead, let us say that after the RESPUBLIKA article the decision regarding the allocation of the area was revoked. Askar Akayev himself admitted that his neighbors were quite right to get annoyed. But then a hullabaloo suddenly arose over an editorial commentary on the tenants' letter. It said: People are saying that the president has another villa in Switzerland and a house in Turkey given him by Demirel.

When the scandal proved to have broader repercussions it became clear that the journalists had no evidence. The president believed all these facts to be a fabrication and insulting to boot. To such an extent that he decided to bring charges against the newspaper as an ordinary citizen. Since he had himself in the past stopped the parliament's adopting a law on defending the honor and dignity of the president.

You would have thought that this was a quite democratic move. But one of our previous commentaries pointed out that there was a very real danger that the court would be unable to maintain its objectivity. As had happened in the past with SVOBODNYYE GORY, when one word from the president was enough to shut down a newspaper that was very popular in the republic. But it is regrettably not just these fears that have come true.

Despite having filed charges as an "ordinary citizen," Askar Akayev then behaved quite differently. Throughout the trial he never appeared in the court room, even though he was in the city throughout that period and the court had sent him a summons. "The president does not have time," his spokesman explained. But it was not, after all, the president who was being summoned to the

court but an ordinary citizen to whom all the republic's laws extended.

This insignificant holdup in the trial — as Judge A. Rybalkina explained — nevertheless left many fundamental questions unexplained. In particular, the issues of those homes abroad. The court was only given a letter from M. Goker, Turkish ambassador to Kyrgyzstan, saying that he has no information about Akayev's having a home in his country. The question of Switzerland remained totally unclarified.

The trial was preceded by the illegal detention of a RESPUBLIKA journalist. Some of her "journalist brethren" did their utmost to carefully prepare a negative public opinion. And all this did, of course, affect the final verdict. RESPUBLIKA Chief Editor Zamira Sydykova received an 18-month suspended sentence. Her deputy Tamara Slashcheva got a 12-month suspended sentence. But the main thing is that both journalists were deprived of the right to pursue their profession for 18 months.

This is the first time that "sentences" of this kind have been passed in any trial of this kind in Kyrgyzstan. And many journalists rightly regarded this "professional ban" as a strict and final warning to those who are still taking the risk of swimming against the current.

Needless to say, the RESPUBLIKA journalists do bear some of the blame. In the heat of the political struggle they forgot the press workers' old but eternal rule: Check your facts over and over before putting them in a newspaper. But does the punishment fit the crime? Especially since, having realized this, the newspaper immediately made a public apology to the president.

Needless to say, the ill-starred commentary is not the point. Statements by witnesses and the public defender repeatedly noted the authorities' "particular affection" for the recalcitrant, independent newspaper. It carries articles by virtually all oppositionists and critics of the regime whom other newspapers are simply afraid to publish. It has published the president's falling ratings and sensational documents produced by commissions of deputies. And all this has finally caused the upper echelons of the Bishkek "White House" to lose patience.

However, there is another worrying point. Having taken a very democratic step that met with a good public response and placed himself on a par with all his republic's citizens, Askar Akayev was unable to uphold this position. That is the only way to view his ostentatious failure to turn up in court and his disregard of universal rules. He probably remembered Boris Yeltsin's maxim: "A president is above all this."

One immediately remembers the saga involving the newspaper POLITIKA, when the minister of justice

deemed its closure illegal. Or the hasty trial of SVO-BODNYYE GORY. All norms of procedure were violated there because Akayev said at one conference: "This newspaper must be closed down."

Such tough and by no means always legal steps are probably inevitable during a political campaign. The following rule generally prevails here: "The winner is right." But any democratic furlongs seem very inappropriate then. Life presents you with a choice. It is just impossible to be a president and a citizen.

Tajikistan

Investment Accord Signed With South Korea

LD1407141295 Dushanbe Radio Tajikistan Network
in Russian 1000 GMT 14 Jul 95

[FBIS Translated Text] Today an intergovernmental agreement between South Korea and Tajikistan on encouraging and protecting investments was signed. The agreement was signed by Talbak Nazarov, minister of foreign affairs of Tajikistan, and (So Kum-Pi), ambassador extraordinary and plenipotentiary of South Korea to Tajikistan.

Rakhmanov, Iranian President Discuss Cooperation

LD1707101495 Moscow ITAR-TASS World Service
in Russian 0933 GMT 17 Jul 95

[By ITAR-TASS correspondent Oleg Kuzmin]

[FBIS Translated Text] Tehran, 17 Jul — President of Tajikistan Emomali Rakhmanov today held the first round of talks with 'Ali Akbar Hashemi-Rafsanjani, president of the Islamic Republic of Iran. Questions of the development of Iranian-Tajik cooperation in the political and economic spheres and also problems of settling the internal Tajik conflict were discussed.

The president of Tajikistan, who arrived on Sunday in the Iranian capital on his first official visit, described it as a "turning point in relations between Dushanbe and Tehran."

The head of the Iranian state noted that Tajikistan is one of the "most important" countries for Iran. He pointed to the need for them to grow closer and expressed regret that ties between the two countries had still not developed as they should due to Tajikistan's internal problems.

Hashemi-Rafsanjani said that the Islamic Republic of Iran was ready to lend assistance to Tajikistan in putting an end to the conflict and in its economic development.

Opposition Leader on Rakhmanov Visit

LD1507172495 Moscow ITAR-TASS World Service
in Russian 0950 GMT 15 Jul 95

[By KHOVAR correspondent Nuriddin Karshibayev for ITAR-TASS]

[FBIS Translated Excerpt] Dushanbe, 15 Jul — A state delegation of the Republic of Tajikistan led by President Emomali Rakhmanov leaves tomorrow for Tehran. Meetings with senior Iranian leaders and the signing of a series of agreements on deepening and expanding mutually beneficial bilateral economic agreements and cultural ties are planned during the visit.

Commenting in Tehran today, at the request of ITAR-TASS correspondent Oleg Kuzmin, on the visit here by Emomali Rakhmanov, Akbar Turajonzoda, deputy chairman of the Islamic Rebirth Movement Party of Tajikistan, said that he does not consider the upcoming visit to be a sign that Tehran, henceforth, is more interested in having good relations with Dushanbe rather than with the opposition. "We are of the opinion that Iran wants good relations with the Tajik nation as a whole. It supports contacts with both the government and with the opposition, and it is unlikely that the upcoming visit will change this position," the deputy chairman of the Islamic Revival Party of Tajikistan said. [passage omitted]

Clandestine Radio Interviews Opposition Leader

LD1407211395 (Clandestine) Voice of Free Tajikistan
in Tajik 0300 GMT 14 Jul 95

[Interview with Mukhammadsharif Khimmatzoda, deputy leader of the Islamic Revival Party, by an unidentified correspondent; place and date not given; from the "Friend's Voice" program — recorded]

[FBIS Translated Excerpt] [passage omitted][Khimmatzoda] The lies and propaganda that some people come out with are designed to show that they are supporters of the nation and advocates of peace in the country. Yet the reverse is true: This group of people think neither about the nation nor the country. If they thought about the nation and the country they would not divide Tajiks into first and second classes. Today, Tajikistan must remain united and its integrity must be protected.

Part of Tajikistan, particularly the north, provided the ruling system for many years and the administration and governing body of the republic were from the north. Yet the current regime which is in power is always saying that real Tajiks have now come to power in Tajikistan and that the north does not contain real Tajiks. People

who carry out this kind of propaganda and hold these kinds of views and opinions are traitors to the country, traitors to the integrity of Tajikistan, and traitors to the Tajik nation itself. Despite the fact that dialects differ in the regions and different areas of Tajikistan differ from each other, they are all Tajiks. The people in Zeravshan, Khodzhen, and Isfara and the Karategin Tajiks — the central part as well as the southern parts — all of them are Tajiks, although they differ in dialect and traditions.

But those who carry out this kind of propaganda, dividing Tajiks into first and second classes, are traitors to the nation and country. That is why we are at a delicate moment and must prevent this kind of propaganda in order to stop Tajikistan being divided into parts and losing its integrity. That is why we think that all people who live in all parts and all areas of Tajikistan must have a high degree of respect for each other.

Of course, these balances must be kept in Tajikistan's ruling system because that is in the nature of people. These balances must be kept in view of the nature, character, and being of people. It is the natural view of people and it is impossible to change.

Thus, if power is gathered in the hands of one part of Tajikistan while another part of Tajikistan is oppressed, this balance will be lost and enemies will use this and carry out propaganda against it.

[Correspondent] Professor, you have talked about the communities in Tajikistan but, to stray from this topic a little, I would like to take a look at ethnic minorities. What kind of program will the Islamic movement of Tajikistan have for the ethnic minorities in Tajikistan? Plus a few words about the Tajik minorities living in other republics?

[Khimmatzoda] From our point of view, as representatives of religion, people, and sect we cannot agree with the word minority. It is correct for this concept to be used for the followers of other religions. When the majority in a given society are Muslims, while the rest of the people are followers of other religions, then it is possible to call these people sectarian minorities.

However, with regard to, say, Uzbek-speaking and other peoples whose languages are different but who are one with the Tajiks regarding culture and [word indistinct], to my mind it is not correct to describe them as minorities from the point of view of Islam. If we are talking about the Uzbek-speaking and other Muslim peoples living in Tajikistan, we do not agree with this because it is only their languages that differ from ours. However, they have all the other characteristics that we have, such as faith and culture.

Unfortunately, these disputes have their roots even among the different regional communities in Tajikistan and some people are taking advantage of them. Grudges have appeared as a result of the disputes among communities and they currently exist between various Tajik communities. [passage indistinct]

Unfortunately, that is why there are these disputes. It is not between Tajiks and Uzbeks but among the Tajiks themselves. We assert that God will eliminate these disputes. These disputes based on community, tribe, and language are the cause of a weakening in religious faith, a lack of Islamic education, and an unfamiliarity with Islam. If people in society learn about Islam then, according to Islam, people with different languages who are brothers to each other and united in faith, culture, [word indistinct] and ethics will remain forever in the world.

No Uzbeks who come to Tajikistan should be treated as a minority, nor should Tajiks be seen as a minority in Uzbekistan. On the contrary, they are brothers of the same sect and religion, with common beliefs and common characteristics. Although God gave human society different languages, at the same time he gave us the power of conversation and everything we need to understand each other. We would be able to talk about minorities from the point of view of Islam were it not for this. [passage omitted]

[Correspondent] Can you see peace for Tajikistan owing to the Russian military, or do you have another idea — that Russian servicemen should stay in Tajikistan and will be in a position to monitor a constant stabilization process in Tajikistan?

[Khimmatzoda] The presence of Russian military servicemen in the region, in Tajikistan, and the military geopolitical aims of Russia in the region [words indistinct]. We have told them repeatedly and officially at meetings [word indistinct] that we are not against their interests. Certainly, Russia as a great country has its own interest in [words indistinct] region.

However, Tajikistan has been created as a state, has become independent, and its independence should be consolidated gradually. As long as its independence is in question and threatened [words indistinct] and, in particular, the Russian troop presence is on such a scale that this exists. Unfortunately, the Russians have stirred up trouble and fished in troubled waters. That is to say, in order to deploy more servicemen in the region they find a reason to cloud the situation and create the kind of instability and continuing malaise which means that the region needs the presence of Russian servicemen.

However, we have never officially declared that Russian military forces must be withdrawn from the region and we have said this to Russian officials.

We would like the number of Russian servicemen on the border and within the country to be reduced to the level which existed before the 1992 clashes. We do not officially support the idea that Tajikistan, an independent state, needs a permanent Russian troop presence. However, each of the independent states should resolve this issue gradually by means of mutual agreement at talks and negotiations over the years. For example, the 14th Russian Army will now be gradually withdrawn from Transnistria; there is an agreement about this. [passage omitted]

The heads of neighboring countries have also now realized that this issue is a threat to their independence. For example, Uzbekistan, Kyrgyzstan, and Kazakhstan also want to see Tajikistan's problems and difficulties resolved as soon as possible, so that no reason remains for an influx of more and more forces, resulting in large numbers of Russian forces in the region. This is a point which we also support. However, the presence of Russian servicemen in the region, the way they currently want, not only causes a deterioration in stability in the region but will also maintain this tension in the region for a long time. [passage omitted]

Uzbekistan

Karimov, U.S. Official Discuss Economic Cooperation

LD1307203295 Moscow INTERFAX in English
1642 GMT 13 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zhrebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] On Wednesday [12 July] in Tashkent, President Islam Karimov and deputy head of the U.S. Agency for Economic Development Thomas Dyne [name as received] discussed issues related to economic cooperation between two countries, Uzbekistan's presidential press service reported to INTERFAX.

Karimov pointed out that he is satisfied with the development of cooperation between Uzbekistan and the United States and expressed readiness to make development of bilateral relations more active. Karimov noted that Uzbekistan is especially interested in America's assistance in training its staff in the sphere of management and marketing.

In the course of the conversation Karimov asked Dyne to hand over an invitation to U.S. Vice President Albert Gore to take part in an international conference on the

problems of the Aral Sea which is to be held in Nukus (the republic's north).

Dyne said that over the period of its independence from September 1991 Uzbekistan "has substantially advanced" on the way of its democratic development. In his words, "America is attentively following democratic development of the republic which pursued the course of market economy."

Uzbek Islamic Center Cooperates With Kuwait

LD1507171895 Tashkent PRAVDA VOSTOKA
in Russian 14 Jul 95 p 3

[FBIS Transcribed Text] An International Center for Islamic Research will function in Uzbekistan. The resolution of the Cabinet of Ministers of the Republic of Uzbekistan says that it is being set up with the aim of broadly studying Islamic doctrine and philosophy, and the Uzbek people's religious, historical, and cultural legacy. Its status is placed on the same footing as the scientific and research establishments of the Republic's Academy of Sciences.

"Uzbek specialists on Islamic studies have looked forward to this event," says the pro-rector of the Tashkent State Institute of Oriental Studies, "as favorable conditions are now being created to study Islam not just as a faith, but as a moral and cultural phenomenon on a world scale, and its place in the history of the development of human civilization".

Nematullo Ibragimov [name as published], the rector of the Tashkent State Institute of Oriental Studies, corresponding member of the Republic's Academy of Sciences, has recently visited Kuwait. An agreement has been concluded on cooperation between the Tashkent State Institute for Oriental Studies scholars and the scholars of the Kuwaiti Society for the Revival of the Islamic Legacy. In future it is planned to build a specialized manuscript storehouse in Tashkent, which will be equipped with special technology, to create a computer center, which will be able to process all manuscripts by computer, and to make use of the experience of the Kuwaiti manuscripts center and the legacy and documents of Kuwait, which form part of the Society for the Revival of the Islamic Legacy.

The International Center for Islamic Research in Tashkent is called on to bring the ideas of goodness and morality to people's hearts.

President Karimov on Reform, Human Rights
LD1507164495 Tashkent NARODNOYE SLOVO
in Russian 12 Jul 95 p 1

[Interview with President Islam Karimov by correspondent Vakhtang Shelia; place and date not given under the rubric "President Islam Karimov of Uzbekistan: The Principles of our Reform"; first paragraph is NARODNOYE SLOVO introduction; reprint of interview first published in ROSSIYSKAYA GAZETA on 7 July 1995]

[FBIS Translated Text] The results of the last three years of Uzbekistan's development provide convincing evidence that the economic model that was chosen is the right one. Uzbekistan has avoided most of the problems that have accompanied the transition period in many other republics of the former USSR. Gross domestic product [GDP] over this period fell by no more than four percent a year. The decline in industrial production was 11 percent in 1993, four percent in 1994, and three percent in the first quarter of 1995. Uzbekistan's economic indicators are currently the best in the CIS. The model that is being pursued has allowed stability to be maintained in society and realistic prospects to be created for economic growth in 1996-97.

[Shelia] Islam Abdughaniyevich, I think that it is now possible to sum up the preliminary results of the reforms that were started in Uzbekistan and other former Soviet republics in 1991-93. It is known that Uzbekistan is in the lead in the CIS in terms of its indicators. What is happening in our republic is attracting increasing attention from politicians, economists, and political scientists both in the CIS and abroad. In the view of many experts, the Uzbek model of reforms is already in place. What are the features of the Uzbek path of development?

[Karimov] When we talk about our own path of development, we mean the five principles that were formulated three years and a half ago and formed the basis for our model: The primacy of economics over politics; the state as the main conduit for reform; the supremacy of the law in all spheres of life; a strong social policy; and an evolutionary transition to the market. These principles, better than anything else, embody everything connected with our path of development.

What did we possess when we made the decision to abandon the administration-based system? Here in Uzbekistan it was obvious that the old system had shown itself to be bankrupt, and not only because it had not held its own in the competition with the capitalist system. In Uzbekistan's conditions the situation was

aggravated by the fact that our republic was a raw-material producing appanage. Within the unified USSR-wide complex Uzbekistan played the predetermined role of cotton supplier.

It is known that living standards were fairly high in many republics of the Soviet Union, often higher than in Russia itself. Uzbekistan was not one of those republics. It possessed enormous natural, mineral, and raw material potential. The people worked in the cotton fields by the sweat of their brow, breathed in chemicals, damaged their health, and were still poor. Their life was nothing but hard work. This was the lot of millions of people.

We understood that it was impossible to go on living like this. Here the question arose of what path we should take in future. At that time many people latched on to the idea of taking the Western model of development and introducing it with our own conditions taken into account. Remember that euphoria — we will shift to the market and everything will be just fine, they said.

Even at the time it was clear that this would not be so easy. It was necessary to thoroughly think through the concept and strategy of this question, the goal, program, and phases, and the most important thing — what the possible negative consequences were. I am always guided by this principle in all my practical actions. Whenever I make a decision, I always think first of all not about the positive consequences, but about the negative ones.

Thus, at that time many politicians failed to make a thorough analysis of the negative consequences of an abrupt change of structure. When sober voices said that this was wrong and could result in chaos, an unmanageable situation and grave social disruption, the response they got was "What are you talking about? Everything will be wonderful."

We understood here in Uzbekistan that the people who had become used to a certain way of life could not suddenly give it up. In these conditions, one conclusion became obvious — that it was necessary not just to develop the program and force people to fit in with it, but also to consider whether they could bear the burdens that inevitably accompany the market economy.

Looking at the experience of other states shows that the market economy is a system that of necessity entails immense costs. That is why we adapted our program of reforms to Uzbekistan's real conditions. We tried to consider to the utmost degree our people's mentality, their way of thinking, traditions and values, and the characteristics of the national culture. After the passage

of three and a half years, we were convinced that this position had been correct.

[Editorial background] Four years ago in Uzbekistan, the rural population was given land, a quarter of a hectare to each family. Overall, 750,000 hectares were distributed, that is almost 20 percent of all the fertile land of the republic. This step was of considerable help for rural families, which as a rule have five to seven children, to solve their food and other material problems. At that time, Uzbekistan's dependence on Russia for oil and grain supplies was a serious problem. In 1994, Uzbekistan received 3.5 million tonnes of oil in exchange for cotton. In 1995, it was planned to acquire 750,000 tonnes, however, only 150,000 tonnes were received in the first quarter of the year. By 1996-1997, it is planned that the state should be self-sufficient in oil.

In 1994, Uzbekistan harvested 1.3 million tonnes of grain. A harvest of 3.3 million tonnes is planned for this year. We must take into consideration the fact that grain was not grown here previously; in the Soviet period all lands were sown with cotton.

[Shelia] Reforms are developing slowly in many republics of the former USSR. They have failed in some states, and some things are taking place there that cannot be called anything other than a degradation of various areas of a state's life. People are tired of waiting and have lost their belief that they will be able to lead a normal life sometime. How are people experiencing the transition period in your country?

[Karimov] When the concepts of the market economy were proclaimed from the tribunes, people viewed them with detachment, but when the issue concerned their direct interests, and unemployment began to surface, people began to lose a lot, they started to feel that market relations were no piece of cake and that it was not possible simply to switch to the conditions of Austria or Sweden, for example. A process that I will call the discrediting of the idea of reforms, took place in some states. This occurrence may have a serious effect on the course of economic reforms in the future. For me, relatively significant indicators of growth and advance in the results of the past three and a half years are not important. What is important is the fact that the people here support the reforms. Of course, it is not easy for them, but we are trying to reduce the expenses. We were prepared for them. One of the five principles about which I was talking at the start of our conversation, consists of carrying out a strong social policy.

The reforms have not been discredited here; rather, the people believe in their successful results. This process is becoming irreversible. I always emphasize that there

will be no moving back. We probably did not move forward very fast. We did not speed up the process of reforms as Kazakhstan or Kyrgyzstan did, for example. In return, we have prepared ourselves for it very well. Today, when it is possible to sum up some results we have a right to say, without any doubt, that the idea of reforms has not been discredited.

[Shelia] What do you mean by "preparations for the reforms"?

[Karimov] Above all, we prepared the legal foundations thoroughly. At their heart lie our constitution, which defines the basic principles and political, economic, and spiritual guidelines of our society. We constructed the legislative foundations and changed the entire state structure. This structure matches up to the goals of the market. We have eliminated a structure that matched the laws of the classic administrative system. What I am talking about is Gosplan, Gossnab [state organizations responsible for centralized planning and supply, and so on.

In any construction process the nature of what the foundations are built on is important — clay or cement. The higher the building, the deeper the foundations must be, especially in conditions of seismic instability. If the foundations are not firm, the building may collapse at even the slightest tremor. We have not forced these processes on. Everything has taken place gradually here.

In many republics of the former USSR we can see a situation where the constitution is constantly changing, there are never-ending conflicts between the branches of power, and no system of government has been set up. All this is leading to a situation where the state — which is supposed to ensure stability in society, create the conditions for the economy to develop normally, and protect its citizens — in fact becomes the source of instability itself. One does not have to go far to find examples. You are perfectly well aware of them.

We have nothing of that sort here, so I probably have the right to assert that our foundations are stronger. This is all the more true since the best European experts from the Organization for Security and Cooperation in Europe, the United Nations, and other international organizations have conducted a nitpicking and painstaking study of our constitution, legal standards, and government structure, and have admitted that these match up to the demands of the times.

[Shelia] A year or two accusations of human rights abuses and lack of press freedom were being made especially frequently against Uzbekistan.

[Karimov] We usually suggest that our critics divide this issue into two parts: First, there are the legislative

foundations, and second the implementation. We ask them if they have any problems with the provisions of our legislation that deal with human rights and freedom of conscience, faith, and so on. Their answer is no.

The second part of the issue is the implementation of these standards. Here I will admit that there are questions with regard to how these standards match up to our practical life. I admit that on matters relating to human rights and press freedom we have not achieved the democratic standards for which we are striving.

Yes, we have a lot of questions about the functioning of nonstate democratic public structures, and about how they interact with state structures. We have not yet reached a proper understanding of what a public structure is, what rights it has, what rights the state structures, especially the power-wielding ones have, and how they should interact in a democratic state. Yes, we have not achieved this yet. But where has it been achieved completely?

It is, alas, impossible to achieve all this by means of decrees. If I could introduce democracy and the market into society with a single decree I would do so immediately. How many years does it take to change people's consciousness and create a harmonious, developed society of free and law-abiding citizens? How many years did Germany, Britain, and France with its 1789 revolution, take to get there? What do you want from us?

When they say Uzbekistan does not have the kind of press freedom that meets all the standards of democracy, my reply is yes, that is true, I agree. But we are striving for this; it is our goal. I will not accept or allow total free rein in these matters. Total free rein entails blood and destruction. It is enough just to take a look around to understand that. It is for that reason that we announced that economics will have primacy. It is for that reason that the transformation process is being monitored and regulated by the state.

I do not deny that there is a certain policy in the area of the press and the media. If it were any other way you and I will be talking about different results.

[Editorial background] The reforms in Uzbekistan were assessed positively at the Paris consultative meeting between representatives of the Uzbek leadership and the donor countries (March this year). Experts from the international financial organizations — the IMF, the EBRD [European Bank for Reconstruction and Development], and the World Bank — approved a considerable part of the projects Uzbekistan proposed for financing. Specifically, up to October this year, the Republic of Uzbekistan will receive a rehabilitation loan

of \$650 million to strengthen the national currency — the som — and to be invested directly into specific projects. A total of \$60 million has already been received for the cotton project (certification of raw cotton and so on). A total of \$170 million dollars is to be received for the development of the Kokdumalak oil field, \$40 million for the Mingbulak oil field, \$60 million for the Mubarak group of oil and gas deposits, \$120 million for the Shurtan gas complex, and \$160 million for the reconstruction of the Bukhara oil refinery. The investments total around \$1 billion in all.

It should also be specially emphasized these were direct investments, not state ones. Uzbekistan is the only state among the CIS states that does not have a foreign debt.

[Shelia] If one cast a retrospective glance at the development of five years ago, the disintegration of the Soviet Union and the creation of the CIS, how do you assess the role played by this interstate formation? What prospects does the CIS have, in your opinion?

[Karimov] I would note that Uzbekistan was not one of the states that destroyed the Soviet Union. We were not the ones who started the cavalcade of sovereignties, although in the Russian press when they talk about the cavalcade of sovereignties for some reason they mention the Central Asian states.

After Belovezh Pushcha, Mr. Gorbachev of his own accord refused to fight to maintain the USSR. He did not even try to gather us all together and ask whether we were all ready for this or not. I think it would have been natural in his position. If I had been in his position, I would have rung up everybody and said: Let us meet, maybe for the last time, and discuss the consequences of the step you have taken.

Could the question have been put in this way? Well, would I have refused to go? I would not have had the right to refuse. Why? Because the president of the still-functioning state has invited us to meet. He could have spoken about this in the press and on TV. Who would have refused? Nobody. Did he do it? No, he did not, although life itself demanded that we should meet and discuss the situation that had developed. It is worth emphasizing that some of us who participated in the Novoogarev meeting repeatedly proposed to Mikhail Gorbachev that a confederation should be formed, as a version of the future structure of the USSR. However, ambitions, and not reason won.

After the disintegration of the USSR, the CIS was needed as a form of interstate organization, even though we had not followed the path of Yugoslavia. If everybody had been scattered to their own corners and there had been no interstate organization, chaos would have

ensued. The CIS allowed the exchange of opinions and some decisions to be made. Although many of these were not fulfilled, the illusion was created that they might be. The CIS, as such, provided the possibility of maintaining the process of governing to some extent and did not allow chaos to develop, although the possibility of events developing in a negative way was quite high.

What is the situation today? At present about 500 documents have been adopted within the CIS framework. The majority of these documents have not been put into effect. If the present structure of the CIS is maintained it will have no future. The CIS needs substantial improvement — in the economic sphere above all.

We speak a lot about integration, but in practice there is no strategy for integration. For example, I would raise the question of working out a concept of integration; and a strategy for integration, which is equally acceptable to all, should be in the forefront. Nobody today will deny the need for this. Everybody today has realized (many only after getting their fingers burned) that no state can exist on its own without mutual economic support, or free flow of capital, goods, and financial payments. We are interlinked. There is no economy in any state of the CIS that can exist in isolation — not even that of Turkmenistan, which wants to adopt its own position on each issue.

In my view, we should take a strategic course for economic integration: Eliminating customs; solving the problems of liberalizing prices and coordinating policy on prices together; solving the issue of the convertibility of our currencies; solving the issues of payments going through the functioning of the interstate financial and financial-industrial corporations; control over the mutual fulfillment of obligations and the decisions adopted.

This is the direction toward which we should move. We are only now setting up a committee on currency, which is to decide the issue of payments going through and the convertibility of currencies. This should have been done much earlier. The process of economic integration is lengthy. The developed western countries have been gradually moving along this path for 15 years already, and still face their own problems. But they have a worked-out mechanism that allows the problems and disputes that arise to be solved.

[Shelia] Can it be said that the summits of the heads of the CIS states bring tangible returns, in particular in the economic sphere?

[Karimov] Unfortunately, today the problem of economic integration is pushed into the background. In first place is the plan for a strategy to create a single military

space and a single system of border protection. I do not deny that these problems are important; they should be tackled. However, urgent economic problems need to be solved in the first place. There is a time for everything, and the main thing is to observe equality for all.

I can tell you that some politicians and military men of certain states advocate plans that are unacceptable for us. I mean plans to set up a single parliament or an assembly whose decisions are to be obligatory for all alike; plans to create united armed forces and border troops. Is this not turning the clock back? Is it not trying to put the cart before the horse?

I repeat once again: If a concrete task of economic integration had been put forward, and not that of integration in general, I am sure the attitude of the other former republics of the USSR would have been more positive.

In my opinion, the future of the CIS depends above all on Russia. Russia is the cement that can hold the CIS together. Russia is the most important link in this organization. If it were not there the others would not be either, they would scatter. Those who sit in the State Duma and in the government of the Russian Federation, making decisions, must understand this.

[Editorial background] In May this year the Uzbek-American gold-extraction joint venture Zarafshan-Newmont went into operation in Uzbekistan. This enterprise is one of the largest in the CIS in terms of the volume of investments by American partners.

The construction of a car-assembly plant for making Mercedes motor vehicles is approaching completion in Khorezm Region. The first trucks and buses were assembled last February. Cars are planned to be built.

The South Korean corporation Daewoo is accelerating construction of a plant to assemble small cars, vans, and trucks, based on the Andizhan tractor-trailers plant.

[Shelia] Uzbekistan's initiative in arranging the dialogue between the Tajik authorities and the opposition was unexpected for many people in Russia. What, in your opinion, are the chances of settling the Tajik conflict, and how is Russia's role in solving this problem appraised in Uzbekistan?

[Karimov] The situation in Tajikistan cannot be a matter of indifference to us. We have a particular interest in seeing the conflict in that state extinguished and stability ensured in the region. It is in our interests that our neighbor situation becomes stable. This is above all essential for the Tajik people themselves. It is also essential for us so that we can conduct our reforms in

peace, and also for our Uzbek compatriots who live in Tajikistan.

The present authorities in Tajikistan cannot forever depend on the strength of bayonets. The Tajik authorities must find a compromise with the opposition, and we are trying to help in this.

As for the Russian military presence, it undoubtedly helps to restrain the conflict, but nothing more. There can only be stability in Tajikistan as the result of a political settlement.

Each action gives rise to a reaction. The opposition is in a position to increase actions against Russian and Tajik government troops. It can muster under its banners fighters from Afghanistan, where people have already forgotten how to engage in peaceful work, and are ready to war endlessly for dollars. Soldiers of fortune could also converge on Tajikistan from other states. According to our information, many are already present and fighting there.

Russia is maintaining about 20,000 troops in Tajikistan. The opposition is able to muster as many and even more. Continuation of the war could tear Tajikistan apart. Its neighbors, including ourselves, would have to sort it out. That is why we think that a compromise between the sides is essential.

[Shelia] You have often referred in your public speeches to the unity of Central Asian states, and in particular, to the idea of a "united Turkestan." Can you briefly set out the essence of this idea?

[Karimov] The idea of a "united Turkestan" envisages the economic and cultural integration of the region's states. We have common roots, common problems, and the same fate, and it will be fully sensible to use this circumstance for the benefit of each Central Asian state in order, on the one hand, to ease each other's difficulties in the transition period and, on the other, to prevent potential conflicts.

Serious steps have already been taken in this area. Last year, Uzbekistan, Kazakhstan, and Kyrgyzstan signed a treaty on creating a single economic space.

We have already abolished the customs procedures on one another's borders. We are now taking measures to maintain each other's traditional sales markets by lifting the numerous, often bureaucratic, barriers that we erected in the heat of the moment in the first years of independence. I am sure that the actions coordinated within the framework of the single economic space will bring benefit to our countries.

For the present, Tajikistan cannot join us, because of the disintegration of the economy and political instability. Turkmenistan does not want to, seemingly counting on coping with the difficulties of the transitional period on its own.

However, in my opinion, mutually beneficial economic integration is essential today not only in Central Asia, but also within the framework of the CIS, about which I have already spoken. That is the way forward.

Armenia

OSCE Delegation Arrives in Karabakh, Meets Officials

NC1407190295 Yerevan Armenia Radio First
Program Network in Armenian 1700 GMT 14 Jul 95

[FBIS Translated Text] An official OSCE delegation arrived in the Nagorno-Karabakh Republic [NKR] today for a brief visit. It is headed by the cochairmen of the Minsk Conference, Heikki Talvitie and Valentin Lozinskiy. The leaders of the delegation told our correspondent that the aim of the visit is to hold consultations with the Karabakh authorities on issues relating to speeding up the negotiating process and clarifying positions regarding the principles of a political agreement.

The delegation, which includes the heads of the OSCE Minsk Group, Renee Niberg and Vladimir Kazimirov, was received by NKR Foreign Minister Arkadi Ghukasian, Interior Minister Armen Isagulov, the head of the State Directorate for National Security, Aleksandr Aghasarian, and other officials.

NKR President Robert Kocharian received the OSCE delegation tonight.

Mission Stresses 'Political Agreement'

LD1607171795 Moscow INTERFAX in English
1307 GMT 16 Jul 95

[FBIS Transcribed Text] Stepanakert, July 16 (INTERFAX) — The question about the mandate of the international peace-keeping force to maintain peace in Nagorno Karabakh may be considered only after a political agreement is signed by the conflicting sides. This statement was made by co-chairman of the OSCE [Organization for Security and Cooperation in Europe] Minsk conference on Nagorno Karabakh, Heikki Talvitie, who arrived last Friday in Nagorno Karabakh as member of the international OSCE mission.

The viewpoint of the Finnish diplomat was shared by his Russian colleague Valentin Lozinskiy. He said that the conflicting sides have "no other way but to agree to compromises". Lozinskiy also said that a plan is being currently worked out to deploy in the zone of conflict of disengagement peace-keeping force. So that the process pass normally, without any incidents, at least 2-3 months will be needed, believes Lozinskiy.

During the meetings with Karabakh President Robert Kocharyan and other republic's officials in Stepanakert, members of the OSCE mission specified the positions of the sides on key problems of the conflict, concerning the Karabakh status and the problem of Karabakh refugees. The positions of the sides will be discussed at another

round of talks on the Karabakh settlement in Austria and July.

Members of the delegation also visited Azeri POWs. They saw that the POWs are being kept in line with international norms.

Russia's Shumeyko Arrives To Address 'Crisis'

LD1507175895 Moscow ITAR-TASS in English
1626 GMT 15 Jul 95

[By Lyudmila Yermakova and Tigran Liloyan]

[FBIS Transcribed Text] Yerevan, July 15 (ITAR-TASS) — Chairman of the Russian parliament's upper chamber Vladimir Shumeyko arrived here today to have negotiations with Armenian President Levon Ter-Petrosyan and parliament leader Babken Araktsyan.

Shumeyko reminded that President Boris Yeltsin suggested to hold a peace conference on the Caucasus in Sochi to involve presidents of Armenia, Georgia and Azerbaijan and heads of Northern Ossetia, Kabardino-Balkaria, Chechnya and Ingushetia. All the Caucasian leaders "should gather together for a men's talk, discuss the situation and peace, and agree on the elimination of separatism," said Shumeyko.

In his words, presidents of Georgia and Azerbaijan have supported the initiative of the Russian President.

There are several crisis problems in the Caucasus and Trans-Caucasia, said Shumeyko. These are the Karabakh problem, the problem of Georgia and Abkhazia and Chechnya. "One should return to the culture of peace, one should learn to come to an agreement," stressed Shumeyko.

Negotiations with the Armenian parliament heads have started in the building of the Armenian parliament presidium.

Urges Return to 'Culture of Peace'

NC1507202395 Yerevan SNARK in English
1506 GMT 15 Jul 95

[FBIS Transcribed Text] Yerevan, July 15 (SNARK) — Vladimir Shumeyko stated the journalists in Yerevan that the Caucasus must change "the culture of war into the culture of peace". The further development, especially in economic area, within the Commonwealth of Independent States is impossible without a political unity. Shumeyko stressed that Georgian and Azeri Presidents appreciated Boris Yeltsin's proposal on holding a peace conference of the Caucasus leaders this September.

According to Shumeyko, all Caucasian conflicts including the Karabakh one, are related to one another. The resolution of these conflicts will be integrated into a set of other problems.

Shumeyko told SNARK's reporter that placing wreaths on the grave of those who died for Azerbaijan's independence does not mean Russia's support of the territorial integrity of Azerbaijan, the Russian delegation just wanted to commemorate the victims of January 20, 1990, tragedy. He noted that personally he is not to blame because those events occurred before the USSR's collapse. Now is the time to overcome the hatred between the people and think of peace.

Meets President on Economic Progress

NC1607162595 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 1420 GMT 16 Jul 95

[FBIS Transcribed Text] Yerevan ("HAYASTANI HANRAPETUTYUN" daily), 07/16/95 — Chairman of Russian Federation Council Vladimir Shumeyko declared after meeting Armenia's President Levon Ter-Petrosyan on Saturday [15 July] "We would very much like for political victories in Armenia to be followed by economic victories".

Shumeyko said that general stability in the region is a pre-condition for economic progress, since it will allow to efficiently develop multi-sided economic relations.

Praises Support of Yeltsin Initiative

LD1507192495 Moscow ITAR-TASS in English 1902 GMT 15 Jul 95

[By Lyudmila Yermakova and Tigran Liloyan]

[FBIS Transcribed Text] Yerevan, July 15 (ITAR-TASS) — The meetings in Yerevan revealed full mutual understanding and support of the Armenian leadership to the initiative of Russian President Boris Yeltsin on convocation of a conference on Caucasian problems, Chairman of the Russian parliament's upper chamber Vladimir Shumeyko told correspondents at the Yerevan airport today. Shumeyko has finished a working visit to Yerevan and left for Moscow.

The conference on Caucasian problems is a collective approach and common interest in lasting peace in Transcaucasia and the Northern Caucasus, said Shumeyko.

Speaking of Karabakh settlement, Shumeyko and Armenian parliament head Babken Ararkchyan stressed the significance of agreements reached within the framework of the Commonwealth Interparliamentary Assembly in Bishkek last year.

"We wish Armenian political gains to be consolidated with economic successes," said Shumeyko. In his words, the guarantee of economic processes is regional stability.

Minister on 'Promising Prospects' for PRC Ties

LD1407190995 Moscow INTERFAX in English 1726 GMT 14 Jul 95

[From the "Diplomatic Panorama" feature by correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] Yerevan, July 14 (INTERFAX) — Armenian Foreign Minister Vagan Papazyan expressed the hope on Thursday that China would join in the trilateral cooperation of Armenia, Iran and Turkmenistan, "which has already taken shape and is gaining momentum."

"In view of the economic and scientific potential of China, this would open up broad and very promising prospects for cooperation," Papazyan told a new Chinese ambassador to Armenia, Yang Kerong [name as received].

The minister expressed satisfaction with the pace of development of Armenian-Chinese cooperation.

Russian Envoy Delivers Yeltsin Letter to President

NC1507103695 Yerevan NOYAN TAPAN in English 1718 GMT 14 Jul 95

[FBIS Transcribed Text] 14/07/95 NOYAN — On June 14, Russian Ambassador to Armenia Andrey Urnov handed a letter by Boris Yeltsin to Armenian President Levon Ter-Petrosyan. The letter reads as follows:

"His Eminence, President Levon Ter-Petrosyan,

Dear Sir,

Accept my sincere congratulations in connection of new crucial steps taken by the Republic of Armenia in direction of a democratic state - the elections to the National Assembly and the referendum on Constitution.

The outcomes of the elections and the referendum prove that the Armenian nation supports its government in the reforms conducted.

I am confident that the friendship and multi-aspect cooperation that Armenia and Russia have will further develop for the sake of our nations, strengthening of CIS.

July 13, Moscow, Kremlin."

Former KGB Officer Discusses Intelligence Issues
 954F2775A Yerevan GOLOS ARMENII in Russian
 6 Jul 95 pp 1-2

[Interview with retired State Security Colonel Georgiy Sarkisyan by correspondent Narek Mesropyan under the "Topical Interview" rubric: "Legal Boundaries Should Exist for Special Services' Activities;" place and date not given]

[FBIS Translated Text] [Mesropyan] Your letter, published in our newspaper, brought about an extensive response from the readers. If you believe that the KGB is completely unrelated to the GUNB [State Administration for National Security], tell us a little about yourself: How did you end up there; how did you decide to become a KGB officer at a time when the KGB had rather bad publicity?

[Sarkisyan] Actually, it had very good publicity. This was the period when a succession of books and films about the activities of Soviet intelligence came out: "One Man Can Win a War," "The Shield and the Sword," "Earth, Poste Restante," "Seventeen Moments of Spring...." I personally was very impressed by the film "Who Are You, Dr. Sorge?" Mainly, in our times young people were attracted to the committee by romanticism. In my class, three went to work for the KGB. In 1971, having graduated from the university, I was sent to Kadzharan secondary school No. 2 as a teacher of Russian language and literature, and in 1972, after being accepted as a staff officer in the Armenian KGB, went to Minsk for training in USSR KGB Higher Courses. After this, I worked in Yerevan until 1992, and after 20 calendar years in the service, I retired.

[Mesropyan] We will come back to 1992 later. When you made a decision to work for the KGB, were you not deterred by the publicity about 1937, the GULAG?

[Sarkisyan] At the time, information about the cruel repressions of the 1930's and 1940's was not widely distributed in Armenia. "The GULAG Archipelago" had not been published, and the public, myself included, was not informed about all this.

[Mesropyan] I understand; and in order to get to the bottom of this question, which inevitably comes up when we are talking about a person who worked in this system: Now that you know, how do you feel about all this? It is said, for instance, that close to 20 million people were killed in 1937.

[Sarkisyan] I do not know the precise figure. And generally, in order to operate with concrete figures, one must have at his disposal precise statistics. Why 20 million, for instance, and not 40 million? Or 2 million? I think the answer to this question is in my

letter to GOLOS ARMENII. I have to point out that a special service's character is shaped by the character of the authorities: A special service is a reflection of the authorities. If the authorities are cruel, the special service is cruel; if the authorities are democratic, the same goes for the special service; and if the authorities are engaged in lawlessness, the special service is above the law as well. Therefore, the law should be the only yardstick. The law must reign supreme, and first of all when creating special services, which unfortunately is not the case in our country. All activities of secret special services must be restricted by law. Only then can we talk about civilized special services.

[Mesropyan] When you worked there, and held rather high-ranking jobs, did you believe that there was the law then? Were you guided by the law in your activities, or by some instructions, some departmental statutes?

[Sarkisyan] I have already said that we did not have, and still do not have, a law that defines the special service's status and defines the boundaries of its activities. But there were laws that defined the special services' competence as investigative organs. In this respect, the lawmakers listed Criminal Code articles that fell into the competence of the KGB and the MVD [Ministry of Internal Affairs].

[Mesropyan] What kind of work did you do precisely?

[Sarkisyan] Agents and operations.

[Mesropyan] Did this include political surveillance?

[Sarkisyan] Political surveillance, political police, political counterintelligence.... Yes, I worked in that department too.

[Mesropyan] In 1988 the Karabakh movement emerged; new people came out onto the streets, and began to promote new ideas. Were there among them people who were in the field of your professional attention?

[Sarkisyan] First, a minor clarification: The Karabakh movement did not "emerge" in 1988—its roots go back into the history of Artsakh. Going back to 1988, however, I have to say that I was appointed chief of the Fifth Department—political counterintelligence—in March 1989, when Karabakh leaders had already been rounded up in Moscow and the Center was working with them there. So I came to the Fifth Department after the fact. I came there with the hope that I would be able to organize work the way it should be, that is, aimed at "abroad." At exposing the subversive activities of hostile special services. Unfortunately, in the end I had to leave and abandon all my plans.

[Mesropyan] I have this question: Some time in the 1960's Vazgen Manukyan organized some sort of groups, did something. What do you make of that?

[Sarkisyan] You apparently raise this question in connection with the publication in GOLOS ARMENII of the article "Torches for Butterflies." I was curious about this article too. I have the impression that the author—Mkhitarian, I think—left something unsaid, kept some information to himself. Let us forget for the moment that I used to work in the KGB. Let us simply analyze this. Last year a series of television specials called "Kremlin Secrets" was shown on Moscow Channel 1. One of the specials was devoted to Yuriy Vladimirovich Andropov. This program highlighted—somewhat tendentiously, but nevertheless in a very talented way—the activities of the USSR KGB's Fifth Department in Leningrad and Moscow. It would be interesting to look at Mkhitarian's article through the prism of this program. And now let us analyze V. Manukyan's activities from 1988 to this day. He was a member of the first and second Karabakh Committee, one of the most active organizers of two Dashnaks. Both times, the Dashnaks failed. Then there was an attempt to create a third Dashnak....

[Mesropyan] I would like to go back to your letter where you, in a very tasteful manner but with ample indignation, said that we should not confuse the KGB with the current GUNB. What made you so particularly indignant?

[Sarkisyan] What made me particularly indignant is the material published by our press, including GOLOS ARMENII, which wrote often about the torture and beating of prisoners. And Vaan Oganessian's statement was the last straw.

[Mesropyan] In your opinion, people who currently work in the GUNB—are they professionals or not?

[Sarkisyan] In order to judge how work is being done there, one would have to evaluate their activities, which is impossible. But on the basis of the fact that people who are appointed to leadership positions there come from the party nomenklatura, I would say that those few professionals who are there are not making the decisions. Special services are not immune from legitimization phenomenon. The problem must be tackled in a comprehensive way.

[Mesropyan] In your letter you called Ashot Manucharyan a "special services dilettante." Do you believe that he too has nothing to do with this service?

[Sarkisyan] Ashot Manucharyan is an amateur. A high-ranking amateur, but of very low quality. I cannot tell what he did or did not do. But he was chief

national security adviser to the president of Armenia, that is, he directed the ideology of the special services' activities and set strategic tasks for them. By virtue of his job and the position he held, Manucharyan possessed all of the most important information. Well, at a rally Manucharyan said that the Dro organization had been created a year and a half or two years ago under the control of foreign special services. If he had this information at the time, why did he not report it to the president, and why did he not give a directive, accordingly, to the special services? And if he did—where is the result? Or if he has only just obtained this information, he needs to pass it on to the relevant organs, to be included in the Dro Case. In addition, another supersecret organization "Z" was mentioned, which Manucharyan promised to describe in more detail, but he did not keep the promise. Generally speaking, one can see a certain inconsistency, to put it mildly, in Manucharyan's rally-related activities.

[Mesropyan] What do you think of the widespread opinion (by the way, some hints have begun to appear lately in the press as well) that L. Ter-Petrosyan and A. Manucharyan are working together?

[Sarkisyan] If you look closely at publications in the official press, you can reach such a conclusion. But I do not think that Levon Ter-Petrosyan will take the risk of linking his future with such a lightweight.

Overall, I believe that the president has been set up in a major way several times, which mainly happened because of the secret special services' incompetence. Take, for instance, two facts that are common knowledge: L. Ter-Petrosyan's statement on republic television in connection with G. Marukhyan's exile and on the Dro case. If political expediency required doing something about Marukhyan, the person to make the statement should have been either Manucharyan or the GUNB chief.

[Mesropyan] This is precisely what David Shakhnazaryan did.

[Sarkisyan] No. Shakhnazaryan spoke several days after the president. The first statement is what counts.

There is an interesting trend: When national security problems are involved, the first person of state always gets put on the spot. Nonsense! This does not happen in any normal—I emphasize, NORMAL—state (regardless of ideology, form, or state system). Someone has a duty to intercede, to absorb the blow. To shield the first person. This is a must in preserving statehood.

[Mesropyan] You are probably right. Do you think that there are no such people or that L. Ter-Petrosyan has become spoiled by fate, or, to be more precise, blinded by a long run of fantastic luck?

[Sarkisyan] I think this all stems from incompetence and from the president's retinue. Does he have a security adviser? I do not even know—I think not, not anymore, just something called a supreme adviser....

[Mesropyan] And another question. You are believed to be one of the founders of the Azgail Petutyun party. What you just said—is this your personal opinion or does the party support this viewpoint?

[Sarkisyan] I am not believed to be one of the founders of the Azgail Petutyun party—I am one of them. Our party rules say that in order to speak on behalf of the party I must be authorized by the expanded council. Therefore, this is my personal opinion. By the way, such a situation also is envisaged by our rules.

[Mesropyan] Did your party participate in the parliamentary elections? And what is Azgail Petutyun's stand on the new constitution?

[Sarkisyan] Yes, our party, as a party of all Armenians who are pure in spirit, did take part in the elections. As to the draft of the constitution, Azgail Petutyun believes that Armenians need a different constitution. This is not a draft constitution for a free people, and we should have said a resounding "NO" to this draft constitution

Azerbaijan

Russian Federation Council Chairman on Visit

Shumeyko, Delegation Arrive 13 Jul

NC1407180495 Baku TURAN in English
1348 GMT 14 Jul 95

[FBIS Transcribed Text] Baku/14.07.95/TURAN—Last evening Russian Parliamentary delegation led by the Chairman of the Russian Federation Council, Vladimir Shumeyko, arrived in Azerbaijan from Georgia. In Baku's airport Shumeyko told journalists that he intends to inform the Azerbaijani leadership about the proposal of the Russian President, Boris Yeltsin, to convene the Conference among the heads of Russia, Azerbaijan, Georgia, Armenian and Russian republic of the North Caucasus in September, 1995 in Sochi. "Once we must gather all leaders of the Caucasus and speak seriously to settle all the problems. We have enough wars, enough separatism and enough dissociation. The Caucasus must be stable and calm region", Shumeyko said.

Vladimir Shumeyko gave to understand that during Baku's visit the oil issues will be also discussed. "The economic and political issues are always closely connected", Shumeyko pointed out.

As TURAN has been credibly informed, the President of LUKoil company, Vahid Alekperov, joined the delegation in Baku.

This morning Russian delegation visited Shehid [Martyrs] Alley and laid the wreaths to the graves of those, who have died for the independence and territorial integrity of Azerbaijan.

After that the delegation met with the Parliament speaker Guliyev. The Armenian-Azerbaijani conflict settlement has been discussed during the meeting. Guliyev expressed regret over non-conclusion of Political agreement concerning restoration of over-all peace in the region.

"We must pass from the attempt to settle all problems at once to their stage-by-stage settlement", Shumeyko pointed out. He said that at first one should be concentrated on settlement of the problems of Azeri refugees from 6 regions. "I am ready to discuss the process of refugees home coming", Shumeyko said. The Chairman of the Russian Federation Council said that "settlement of the big oil issues needs peace, mutual assistance and tranquillity in the region", Shumeyko noted.

Aliyev Meets With Shumeyko 14 Jul

NC1507104795 Baku TURAN in English
1555 GMT 14 Jul 95

[FBIS Transcribed Text] Baku /14.07.95/ TURAN — Today President Aliyev met with the Parliamentary delegation of Russian Federation Council led by Vladimir Shumeyko. Azeri President mentioned that it is necessary to improve and strengthen friendly relations between Russia and Azerbaijan.

"It is also necessary to take steps not to let final divergence between our nations, that would have been a gross mistake", Vladimir Shumeyko said. He reported that strategical and economic interests of both states show the necessity in close cooperation without borders and customs.

Touching upon the Karabakh conflict settlement, Shumeyko came out for stage-by-stage settlement of the problems. On the first stage it is necessary to settle the problems of refugees from 6 occupied regions of Azerbaijan outside of Nagorno-Karabakh.

Shumeyko also informed President Aliyev about proposal of Russian President Boris Yeltsin to conduct the Minsk Conference on the Caucasus in Sochi in September, 1995. He said that Georgian President, Eduard Shevardnadze, has already agreed to participate at the meeting. "Peace on the Caucasus must be stable", Shumeyko added.

President Aliyev pointed out that Azerbaijan has many problems, but the Armenian-Azerbaijani conflict settlement is the most urgent problem. He positively assessed fourteenth-month-old truce on the front and called it great achievement. At the same time he stressed the necessity of intensification of works for conclusion of the peace agreement. "Achievement of agreement concerning stable peace is important not only for Azerbaijan, but also for Armenia and Russia", he added. He said that the Armenian-Azerbaijani conflict must be settled by the efforts of the international organizations. "However, no one will be able to do what Russia can do here. Russia must not lose this historical chance", President Aliyev mentioned.

Regarding to President Yeltsin's proposal, he noted that it is a great idea. "We can meet and discuss different problems. However, it is important to meet to receive practical results", he pointed out.

Then the meeting was continued behind the closed doors.

Aliyev Supports Yeltsin Plan

LD1407124495 Moscow ITAR-TASS in English
1223 GMT 14 Jul 95

[By Sevidzh Abdullayeva, Lyudmila Yermakova, and Viktor Shulman]

[FBIS Transcribed Text] BAKU, July 14 (Itar-Tass) — Azeri President Heydar Aliyev has described as "very good" Russian President Boris Yeltsin's idea to convene a peace conference to normalise the political situation in the Caucasus.

Meeting Speaker of the Upper House of the Russian Parliament Vladimir Shumeyko here today, he stressed that careful preparatory work should precede the meeting of Transcaucasian leaders and heads of the North Caucasian Republics of the Russian Federation in order to ensure its practical resultativeness. "Not only the republics of this region, but also Russia in equal measure need peace in the Caucasus," he believes.

Shumeyko stated, in turn, that such a General Caucasian Conference could be a weighty forum if it was attended by such authoritative leaders as Boris Yeltsin, Heydar Aliyev, Eduard Shevardnadze, and Levon Ter-Petrosyan.

Aliyev, Shumeyko Attend Reception

NC1507192995 Baku TURAN in English
0933 GMT 15 Jul 95

[FBIS Transcribed Text] Baku /15.07.95/ TURAN — "Azerbaijan will not make any territorial concessions during settlement of the Armenian-Azerbaijani conflict.

We wish peace settlement of the conflict and we are ready to observe ceasefire regime until conclusion of Major Political Agreement. However, Azerbaijan will sign peace agreement on term of unconditional liberation of all occupied territories", President Aliyev said during yesterday's ceremonial reception in honour of the head of Russian Federation Council, Vladimir Shumeyko, said.

The Armenian-Azerbaijani conflict and big oil were the key subjects in the program of the visit of the Chairman of Russian Federation Council. Shumeyko's statements testify to the fact that Russia seriously intends to restore order in the important for it Caucasus region. The idea of President Yeltsin on summoning of peace conference on the Caucasus is aimed at prompt cessation of hostilities in this region, Shumeyko said.

The changes on these issues were introduced in the program of Shumeyko's visit, due to the necessity to consult with the Armenian administration. Today he is to leave Baku several hours earlier than was scheduled to stop in Yerevan's airport for several hours for the meeting with Levon Ter-Petrosian.

The credible source reported that in private talk with the Azeri leadership Vladimir Shumeyko expressed necessity to take into account mutual interests in strategical issues. He believes that "the regional countries concerned can take part in Azeri oil development and there is no need to resort to assistance of some other countries".

Speaking with the journalists after his speech in the Parliament, Shumeyko mentioned that "state interests of Turkey and Russia meet in Azerbaijan. However, we can settle the issues in the dialogue not violating each other's interests", Shumeyko said.

Shumeyko Meets Parliament Speaker

NC1407150895 Baku Azerbaijan Radio Televiziya Television Network in Azeri 1250 GMT 14 Jul 95

[FBIS Translated Text] The chairman of the Russian Federation Council and of the CIS Interparliamentary Assembly, Vladimir Shumeyko, who is on an official visit to our republic, and other members of his delegation visited the Martyrs Alley this morning and paid their respects to the brave fighters who lost their lives for Azerbaijan's independence, freedom, and integrity. The party placed flowers on the tombs of the freedom fighters.

Afterward a private meeting took place at the parliament building between Shumeyko and Parliament Speaker Rasul Guliyev.

Parliamentarians, guests, and the ambassadors of both countries attended a meeting in parliament's conference

hall. Guliyev noted the importance of cooperation between Russia and Azerbaijan and stressed the need for these ties in developing economic integration.

Noting the importance of recent laws and resolutions adopted by the Milli Mejlis, Guliyev also spoke of the preparations for the first democratic parliamentary elections to be held in Azerbaijan this fall.

It was noted during the meeting that the restoration and development of economic ties among the [Caucasian] countries depends largely on maintaining stability and peace in the Caucasus.

Referring to the Nagorno-Karabakh conflict, Vladimir Shumeyko indicated that the Armenian armed units should withdraw from the occupied regions of Azerbaijan and the refugees should return swiftly to their homes.

Referring to the Armenian-Azerbaijani conflict, Vladimir Shumeyko recalled the Bishkek talks and said the adherence to the cease-fire is a necessary condition for concluding the Major Political Agreement.

In noting the importance of the peace conference to be held in Sochi to examine peace and security in the Caucasus, Vladimir Shumeyko specifically emphasized Azerbaijani President Heydar Aliyev's efforts for the peaceful and negotiated settlement of the conflict.

Shumeyko Addresses Parliament 14 Jul

*NC1507103295 Baku TURAN in English
2009 GMT 14 Jul 95*

[FBIS Transcribed Text] Baku/14.07.95/TURAN — "The interparliamentary co-operation in the plan of agreement of the legislative activity in the sphere of economy and the struggle against the organised criminality is of great importance for Russia," Head of the Council of Federation of Russia Vladimir Shumeyko said in his address in the Parliament of Azerbaijan. Before Heydar Aliyev came to power the relations between two countries had been worsened, he said. Concerning the domestic political situation in Russia Shumeyko said that "the principle the state to each ethnos" was going to the past. "Russia is interested in the broad co-operation with all countries of the CIS and with Azerbaijan, in particular," he said. Thirty bigovernmental agreements have been signed up to date.

With a regret he noted a disbalance in the trade-economic relations. Thus, according to Shumeyko, the delivery of goods from Russia to Azerbaijan dropped by 2.6 times and from Azerbaijan to Russia by 3.8 times. "Liquidation of artificial barriers will allow to improve the economical mutual co-operation of both countries,

he said. He said that setting up of JV "LUKoil-Azerneft" was a great achievement.

Touching on the most crucial point in the Russian-Azeri relations, the Caspian sea, Shumeyko said: "We treat the Caspian sea as the object of joint use by all Caspian states." He expressed a hope that the rights of ethnic Russians in Azerbaijan would be protected.

Regarding the Armenian-Azeri conflict Shumeyko said that Russia was a mediator in that issue and was interested in its soon settling. "We have no double standards in the approachment to the settling the Karabakh conflict." He once more mentioned the idea of Yeltsin to call the World conference on the Caucasus in September in Sochi. "There must be a peace on the Caucasus as it cannot go on so," he said.

Shumeyko said that the delegation would leave for Yerevan for several hours and would discuss the idea on conduction the conference in Sochi with the president of Armenia.

After the address Shumeyko told journalists that he saw the decision of the Armenian-Azeri conflict in stage by stage settling : liberation of the occupied territories, return of refuges and determination of the status of Nagorno-Karabakh. "The negotiations with Heydar Aliyev has shown that the acceptable decision on that matter can be found," Shumeyko noted. Shumeyko will meet with Defence Minister and the Prime Minister of Azerbaijan today in the evening.

Discusses Chechen Peace Settlement

*LD1407164895 Moscow ITAR-TASS in English
1613 GMT 14 Jul 95*

[By Sevindzh Abdullayeva, Lyudmila Yermakova and Viktor Shulman]

[FBIS Transcribed Text] BAKU, July 14 (Itar-Tass) — Peace settlement in Chechnya has a special importance for Russia, Vladimir Shumeyko, chairman of the Federation Council of the Federal Assembly of Russia, stated here today.

Speaking at the National Assembly (parliament) of Azerbaijan on Friday, Vladimir Shumeyko said that efforts of all branches of power had been made in the interests of peace in Chechnya.

For this purpose, he informed, a law "On measures for the political settlement of the crisis in the Chechen Republic" is being prepared now.

This law is intended to ensure the unity of actions of the President, both chambers of the Federal Assembly, the Russian government and all branches of federal power.

The speaker of the upper house of the Russian parliament believes that such a common line turned into a law, will create a reliable legal foundation for the peace process and serve a guarantee of the successful settlement of the conflict in this North Caucasian republic.

Tours Refugee Settlement With Aliyev

NC1507200495 *Baku TURAN in English*
1204 GMT 15 Jul 95

["Azerbaijan Should Not Remain in the Commonwealth If Aggression by Armenia Will Go On, Heydar Aliyev Believes"—TURAN headline]

[FBIS Transcribed Text] Baku/15.07.95/TURAN — The President Heydar Aliyev and the Head of the Council of Federation of Russia Vladimir Shumeyko visited settlements of refugees in Baku. The refugees appealed with request to leaders of Russia to promote soon liberation of the occupied territories of Azerbaijan. Addressing at the meeting before refugees Vladimir Shumeyko noted that as a Chairman of the Interparliamentary Assembly of CIS he would do his best that Azeri refugees return to their native towns. He thanked them for courage and patience and for "kind feelings to people of Russia." Shumeyko noted the role of Heydar Aliyev in the resolution of the problems of Azerbaijan and joining the CIS.

"I initiated joining the CIS. But if our appeals fall on deaf ear and the aggression will go on then why do we need such Commonwealth?" the president said. According to him, Azerbaijan has courage and will to return their lands by force, but we want peaceful resolution of the conflict. "We rely upon the help by Russia in the resolution of that problem," he said.

Due to changes made in the program of the visit the meeting of Shumeyko with Foreign Minister of Azerbaijan did not take place.

After meeting with refugees Vladimir Shumeyko met with the representatives of Azeri intelligentsia. During the talk they noted the necessity of preserving and development of humanitarian and cultural relations between two states.

Further on Meeting Refugees 15 Jul

LD1507153795 *Moscow ITAR-TASS in English*
1437 GMT 15 Jul 95

[By Sevindzh Abdullayeva, Lyudmila Yermakova, Viktor Shulman]

[FBIS Transcribed Text] BAKU, July 15 (Itar-Tass) — Chairman of the Russian Parliament's upper chamber Vladimir Shumeyko met refugees, who left their homes three years ago because of the Azeri-Armenian conflict,

here today. "I will not take any solemn oaths, but I will do my best, as the Chairman of the Commonwealth Interparliamentary Assembly, to help you return home," said Shumeyko.

On Friday he was received by Azeri President Heydar Aliyev who described as "good" the idea of Russian President Boris Yeltsin to hold a conference on Caucasian problems with participation of Trans-Caucasian and North Caucasian leaders. In the words of Shumeyko, such a conference may become an important forum thanks to the authority of Boris Yeltsin, Heydar Aliyev, Eduard Shevardnadze and Levon Ter-Petrosyan.

Shumeyko Addresses News Conference

NC1507194995 *Baku TURAN in English*
1354 GMT 15 Jul 95

["Vladimir Shumeyko Is Irritated With Presence of the U.S. in Azerbaijan and Blackmails Baku With the Status of the Caspian Sea"—TURAN headline]

[FBIS Transcribed Text] Baku/15.07.95/TURAN — "I think that all politicians like Dudayev, Ardzinba and the others the basis of the policy of which are separatism, the capture of the lands of others, must be physically separated from society. Such politicians bring death, destroy and misfortune," Head of the Council Federation of Russia Vladimir Shumeyko told at today's press-conference held in Baku, responding the question on his attitude to separatism of the Armenians of Nagorno-Karabakh. According to him, the meeting with the Azeri refugees had a heavy effect on him. Shumeyko noted that he would do his best for soon return of refugees to their native places.

Concerning the question on the status of the Caspian Sea he said that the agreements between former USSR and Iran of 1921 and 1940 determining the order of operation of its resources still exist.

According to him, there are 2 contrary opinions on the status of the Caspian Sea. According to one of them, which is supported by Russia, the Caspian Sea is the possession of all Caspian states. "That is why its resources have to be developed as the resources of the internal sea, when all countries decide what, when, how much and what for to produce," he noted. The second approach, according to Shumeyko belongs to the U.S. and proposes the split of the Caspian Sea to sectors, each country must have its own sector and must not inform other countries about its actions. "I think that this point of view belongs to the U.S. as they have a strategical interests here," Shumeyko noted.

Shumeyko says that there are great reserves of oil in the Caspian sea and "that oil should be developed and produced for the needs of the whole Caucasian region, for you and for us and not for the others. We, who live on the Caspian Sea must decide ourselves what we must do here and how to operate the sea."

Responding the question whether opening of the route with Azerbaijan depends on the position of Baku on the status of the Caspian Sea Shumeyko gave a positive answer. "But we do not connect these matters with the strategy," he said.

Head of the Council Federation of Russia confirms that he sees the direct connection of strategical interests of the U.S. in Azerbaijan and opposes that.

OSCE Delegation, Aliyev Discuss Karabakh Problem

*NC1407175495 Baku TURAN in English
1404 GMT 14 Jul 95*

[FBIS Transcribed Text] Baku/13.07.95/TURAN—OSCE Minsk group is the only way within the frameworks of which the resolution of the Armenian-Azeri conflict is possible, Heydar Aliyev said today during his meeting with co-chairmen of the OSCE Minsk group who are in Azerbaijan. The co-chairman of the Minsk conference Heikki Talvitie stated the fact that two rounds of the Armenian-Azeri negotiations in Moscow and in Helsinki had already taken place. According to Talvitie it is necessary to preserve the positive impulse of these meetings. He also noted that arrival of the delegation is connected with the necessity to discuss matters preventing the progress of the negotiations. According to the second co-chairman of the OSCE Minsk group Lozinskiy the mediators hope to manage the discussion of that key problems of peaceful settling of the conflict and the elements of implementation of final decisions. Presently co-chairmen try to accelerate the political process of negotiations.

The President Heydar Aliyev stated that it was necessary to prepare and to adopt political agreement which would provide steady peace. The President noted the necessity of liberation of the occupied territories and withdrawal of Armenian troops. He also assured that Azerbaijan was ready to provide the security of Nagorno-Karabakh, but according to the President the stumbling-stone in that issue is liberation of Shusha and Lachin.

"We wish just resolution which would provide the return of refugees to their native places," the President noted. Regarding Shusha and Lachin it has crucial significance for Azerbaijan, Aliyev considers. According to the President that matter should be solved till the end of this year as it will be difficult for the refugees to stand in

winter. Azerbaijan does not admit the position of force which is used at the negotiations by the Armenian side lately. "No one can say who will win," the President said.

Joint Statement on Turkish Premier Visit Detailed

*NC1407180395 Baku TURAN in English
1348 GMT 14 Jul 95*

[FBIS Transcribed Text] Baku/14.07.95/TURAN— "Azerbaijan has acknowledged its position on shipment of its crude oil to the world market through the territory of Turkey", the joint governmental statement of Azerbaijan and Turkey on the results of the visit of Turkey's Prime-Minister, Tansu Ciller, reads.

The document mentions that "the parties note exceptional significance of implementation of the oil contract in the Azeri section of the Caspian, since this fact will promote restoration of economic stability in the region".

The statement also reads that the sides mention necessity of joint participation of all members of the OSCE Minsk Group in the process of the Karabakh conflict peace settlement. The Azeri party welcomes the readiness of Turkey to take part in implementation of all resolutions, which will be adopted by the OSCE Minsk Group, the document reads.

Chechen Officials Hold News Conference on Conflict

*NC1407174295 Baku TURAN in English
1404 GMT 14 Jul 95*

[FBIS Transcribed Text] Baku/13.07.95/TURAN— Press-conference of Elza Sharipova, senior adviser of the president of Chechen Republic Ichkeria and Deputy Foreign Minister of Chechnya Ruslan Abdurzakov, devoted to the latest events round Chechnya took place today in Baku. Deputy Foreign Minister of Chechnya Ruslan Abdurzakov assessed yesterday's bombing of some regions in Chechnya by Russian aviation as brutal violation of cease-fire agreement. According to him this action and other actions testifies insincerity of the Kremlin and its plans to hide under the OSCE for the purpose of preparation for next war in Chechnya.

Responding the question on discussion by the Constitutional Court the competetness of the decrees of the President Yeltsin on the commencement of military actions in Chechnya Elza Sharipova said that the fact that those documents were secret was a violation of the Constitution of Russian Federation. "It is absurdity when fact of illness of Yeltsin is published whereas the sanctioning of war is kept in secret."

According to Sharipova Russia itself has broken the international law when it had recognised the sovereignty of Chechnya and then began war. "Russia had withdrawn troops from Chechnya voluntarily and had signed a number of documents with Chechnya republic Ichkeria which proclaimed independence so the independence of Chechnya has been recognised de-jure and de-facto for four years," she noted.

Concerning the outcome of the Court Sharipova suspected that the Constitutional Court will obey the politicians and that its decision will correspond to political conjecture of the Kremlin. "Absence of the prosecutor on the part of Chechnya is a brutal violation and means that the Court is not interested in finding out the truth," Sharipova said.

Responding the question on possibility of compromises in settling the conflict Ruslan Abdurzakov said that two problems prevent that: great sacrifices among the population and separation of Russians from the solution of their fate and the fate of the state. "Russia will come to prosperity only through confession and only when the Russians will become the hostess of their own fate. Otherwise there will be failure and annihilation," Abdurzakov said.

Georgia

UN Envoy To Consult on Abkhazian Conflict

*LD1607171195 Moscow INTERFAX in English
1307 GMT 16 Jul 95*

[FBIS Transcribed Text] TBILISI, July 16 (INTERFAX) — Special envoy of the UN Secretary General Edward Brunner arrived in Tbilisi on Sunday to hold consultations with the sides of the Georgian-Abkhazian confrontation.

A spokesman for the Georgian leader told INTERFAX that Brunner met in Sochi on July 16 with Abkhazian leader Vladislav Ardzinba, and on Sunday, later in the day, he is expected to met Eduard Shevardnadze.

Deputy Georgian Prime Minister, speaker of the Abkhazian parliament, operating in Georgia, Tamaz Nadareishvili, has told INTERFAX that "he does not believe that the peace-keeping activities of the United Nations and Brunner have good prospects."

The aim of Brunner, who expresses the interests of the United Nations and of Russia, is to mothball the Abkhazian conflict," he said. "This is an acceptable position for all, except for hundreds of thousands of refugees from Abkhazia," believes Nadareishvili.

He believes "it is out of the question to hold any talks with the Abkhazian side. There is only the military way to return Abkhazia."

He also said that the return of a group of refugees to the Ghali District planned for July 17, will not take place, since it would be a crime to send people to Abkhazian gangsters as hostages."

He spoke flatly against the initiative by the commander of the Russian peacekeepers in the zone of conflict Vasily Yakushev, who proposed to head the convoy of refugees to the Ghali District.

"I believe this is another provocation and deception on the part of Russia," he said. According to him, up to 500 Abkhazian militants were recently additionally deployed in the Ghali District.

Shevardnadze, UN Envoy Meet

*LD1707094495 Tbilisi Radio Tbilisi Network
in Georgian 0700 GMT 17 Jul 95*

[FBIS Translated Text] A visit to Georgia by Edward Brunner, the personal envoy of the UN secretary general and other officials accompanying him was yesterday's major event. Brunner was received by Georgian Head of State Eduard Shevardnadze yesterday. The two parties discussed the ways to settle the Abkhazian conflict. Shevardnadze said at the meeting that further delays in the process could cast doubts on the ability of the international community to find a political settlement to the problem. Shevardnadze presented his considerations about possible ways to stir up the peace process.

Late last night, Brunner met representatives of foreign diplomatic corps accredited to Georgia and the head of the Organization for Security and Cooperation in Europe's international mission.

The visit continues today.

Russian Federation Council Chairman Visits

Shumeyko on Russia-Georgia Ties

*LD1407164595 Tbilisi Radio Tbilisi Network
in Georgian 1200 GMT 14 Jul 95*

[Interview with Vladimir Shumeyko, chairman of the Russian Federation Council, by correspondent Guram Kutsiava; place and date not given — recorded]

[FBIS Translated Excerpt] [Kutsiava] You know that an international forum, Dialogue of Cultures for Solidarity Against Irreconcilability, is under way in Tbilisi and you are visiting Georgia now. Is it a coincidence or did you time your visit to this forum. Moreover, it has such a motto.

[Shumeyko] You may recall that preparations for our visit had taken a long time, almost a year. It was postponed several times for various reasons. Political affairs

develop at a great pace in both your and our country. I am here not only as the chairman of the Federation Council, but also as the chairman of the CIS Interparliamentary Assembly. Therefore, I decided to visit Georgia in the two roles because Russia's Federation Council, as well as the CIS Interparliamentary Assembly participate closely in peacekeeping events. We, as the Federation Council, resolve the issue and permit the use of troops in the territory of another country. It was the Federation Council that sent Russian peacekeeping forces here and then renewed their mandate. The forces are now deployed as a separating corridor between Georgia and Abkhazia. The Interparliamentary Assembly does the same. [passage omitted]

I acknowledge the forum as of great significance. This movement for tolerance, for conciliation, for reciprocity of cultures is essential today. We all are so tired of political battles. One of the major positive signs of the forum is a thesis brought up there — politicians conduct the policy poorly because peoples do not know one another well. Peoples have to get to know one another better and sooner.

We seemed to know each other very well. [Passage omitted] We know about our spiritual and cultural ties from history. These ties are enormous and precious. But we fail to look into everything that has been happening with us — I mean our two sovereign states, Georgia and Russia — over the past years, into all these impetuous political changes, instantaneous changes, and political passions that entail a series of events. We really have to know each other perfectly, to know what is happening in our states perfectly in order to make proper political decisions. That is why our visit, in fact a regular parliamentary visit, is, to my mind, of such an immense significance. During the 24 hours we have been here, we have learned far more than I knew before from mass media, records, and all analytical reports. I have learned a lot from my conversations with deputies, supporters of the authorities, as well as the opposition. [passage omitted].

[Kutsiava] Vladimir Filippovich, mass media have recorded the protocol part of your visit. You have had meetings with leaders of the republic, members of the parliament, and the public. But we may probably speak a little more in detail about these meetings. You have managed to meet a lot of people since you arrived.

[Shumeyko] I had a long meeting with Eduard Shevardnadze. This was a *tete-a-tete* meeting. We discussed a large number of issues, as journalists enjoy writing, concerning a wide range of international affairs and our bilateral relations. There were many questions and answers and reciprocal decisions on intentions how to

bring to an end the confrontation as soon as possible. What political steps and what means to use to settle the conflict.

You see, we all are unanimous on one issue — it is not in vain that I say that we are not well aware of modern, super-modern developments of the modern history. We may as well confess that, and I spoke about it earnestly with deputies of the Georgian Parliament that there was a certain period in our relations immediately after the disintegration of the Soviet Union when relations deteriorated. When Gamsakhurdia was the president of Georgia, harsh anti-Russian sentiments and activities led to the creation of a negative attitude toward Georgia among ordinary men, not politicians, but among those whose mood is created by mass media. There was a moment, I am speaking honestly, when there was support for the separatism in Abkhazia, which is regarded as an unlawful act by international law. It seemed that a good Abkhazia wanted to quit a bad Georgia.

Rally Demands Shumeyko Apology

LD1507135395 Tbilisi Radio Tbilisi Network in Georgian 1110 GMT 15 Jul 95

[FBIS Translated Text] Speakers at a [14 July] rally held in Sukhumi said that they would permit no one to insult their leader and demanded that Vladimir Shumeyko should apologize for what he had said during his visit to Tbilisi: Ardzinba is as guilty of crimes as Dudayev. It is not easy to say which party can feel more insulted, Ardzinba or Dudayev. The participants in the rally have also expressed discontent over the amendment introduced in the mandate of the CIS peacekeeping forces, which conveys police functions to the peacekeeping forces.

Russian Deputy Foreign Minister on Visit

Shevardnadze Meets Chernyshev

LD1507141095 Tbilisi Radio Tbilisi Network in Georgian 1110 GMT 15 Jul 95

[FBIS Translated Text] Georgian Head of State Eduard Shevardnadze met Russian Deputy Foreign Minister Albert Chernyshev on 14 July.

Dramatic changes are occurring in the stance of the Russian authorities and the Russian public opinion with regard to Georgia, Mr. Chernyshev said during the meeting. Speaking about the Abkhazia issue, he said that the country's territorial integrity was the principal point. Only after it is restored, can we speak of the protection of ethnic minorities and human rights, he said.

Possible developments in relations between the two countries, the implementation of the signed agreements and accords and the facilitation of the conflict settlement were also considered during the meeting.

Chernyshev on Abkhaz Refugee Issue

*LD1507125795 Tbilisi IPRINDA in Russian
1120 GMT 15 Jul 95*

[FBIS Translated Text] Tbilisi, 15 Jul (IPRINDA) — The issue of the soonest possible signing of an agreement on handing over four military bases to Russia was put forward by the Russian Deputy Foreign Minister Albert Chernyshev during his meeting with Georgian Prime Minister Otar Patsatsia on 15 July. Otar Patsatsia said that Georgia does not intend to sign the agreement with Russia until the return of refugees to Gali District is facilitated. Chernyshev replied: "General Yakushev [commander of the Russian peacekeeping forces in Abkhazia] has no right to give any promises, and what is more, to be at the head of the refugees at the Inguri River. This is not stipulated by the mandate. Some give away promises very easily. Russia will never send tanks to Abkhazia. It has its own headache — Chechnya. Russia has no clue to settling the Abkhazian conflict. No one should give promises on behalf of Russia."

"If things continue like this, we may as well ruin our relations," said Chernyshev in conclusion.

Mkhedrioni Proclaims Itself Political Party

*LD1607170195 Tbilisi Radio Tbilisi Network
in Georgian 1400 GMT 16 Jul 95*

[FBIS Translated Text] Members of the Rescue Corps-Mkhedrioni met in the Chess Palace today. It was de-

cided that from now on the organization will be known as the Mkhedrioni Political Society. The constituent meeting of the Mkhedrioni was held, and Jaba Ioseliani was unanimously elected chairman. Participants in the meeting also drew up a list of members of the Political Council and adopted a draft charter. The Mkhedrioni Political Society will take part in the elections.

Mkhedrioni To File Charges Against Shevardnadze

*LD1707122295 Moscow INTERFAX in English
0951 GMT 17 Jul 95*

[FBIS Transcribed Text] TBILISI, July 17 (INTERFAX) — The leader of the Mkhedrioni political movement, Jaba Ioseliani, said his movement has begun to canvass signatures to institute criminal proceedings against Georgian leader Eduard Shevardnadze.

"Shevardnadze's dictatorship is flourishing in Georgia today," Ioseliani said. Mkhedrioni will do away with it in a parliamentary fashion, he added.

Mkhedrioni held its founding conference in Tbilisi Sunday. The movement plans to take part in the future parliamentary elections. The conference elected Jaba Ioseliani as its leader.

Lithuania**Slezevicius Cited on Energy Exports Via Sweden**

LD1407205895 Moscow INTERFAX in English
1735 GMT 14 Jul 95

[From the "Presidential Bulletin" feature: Compiled by Nikolay Zhrebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Vilnius, 14 Jul (INTERFAX) — Prime Minister Adolfas Slezevicius hopes that Sweden will help resolve his country's problem of energy exports, Slezevicius told a news conference in Vilnius on Thursday.

He hopes that Sweden will provide assistance in putting up a high voltage electricity line to help export extra energy to the west. Preliminary agreement on a \$150 million project was reached during a recent visit to Sweden by Energy Minister Arvidas Lesinskas.

IF [INTERFAX] Note: According to the country's energy ministry, the project provides for putting up a substation outside the town of Alytus in the south, a 100-kilometer-long electricity line to the Polish town of Elk and a converter. Cooperation with Polish energy experts will be needed to implement it.

Energy exports can help raise the efficiency of the Ignalina nuclear power plant and the country's entire energy system, ministry representatives said.

Lithuania will go ahead with an oil terminal project at Butinge, Slezevicius told Interfax commenting on Latvian President Guntis Ulmanis' warning during last week's visit to Vilnius not to rush the project (Ulmanis believes it will be more useful to take advantage of capacities of the Latvian sea port Ventspils instead — IF). The Butinge project is the country's strategic goal, Slezevicius said.

At the same time, the prime minister called for wider energy cooperation with Latvia saying that experts on

both sides would meet to discuss more controversial issues in September.

IF Note: The Butinge project of an annual capacity of 8 million tonnes of crude and 2.5 million tonnes of oil products will cost the country more than \$200 million to implement.

By now, Lithuania is a net importer of Russian oil pumped to its Mazeikei oil refinery which had to come to a standstill four times this year because of erratic delivery.

Slezevicius Comments on Upcoming Visit to Minsk

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[FBIS Translated Text] Lithuanian Prime Minister Adolfas Slezevicius has held a news conference in Vilnius. Answering BELINFORM questions, he highly assessed Lithuanian-Belarusian relations.

According to him, despite the considerable movement of Lithuania toward the West, the Republic continues to have good contacts with its neighbor to the south. The Lithuanian prime minister's visit to Belarus scheduled for 18 July shows this.

Answering the question as to why an agreement on encouraging and protecting mutual investments has not been signed, the Lithuanian prime minister said that it was first of all caused by the lack of available financial resources in both states. Lithuanian-Belarusian joint ventures primarily deal with trade, while joint production is not developing. Therefore, an agreement on investments is not of primary importance, emphasized Slezevicius. Despite that, this agreement would be subject to further drafting, but the Lithuanian prime minister thinks that it will hardly be initiated during his visit to Minsk.

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